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NEWS SUMMARY

GENERAL

Soviet nuclear sub fire: nine die

Nine crew of a Soviet nuclear-powered submarine died in a fire which left the vessel crippled south of Japan. Japanese authorities warned ships to keep clear, although there have been no signs of radioactive leaks. The Soviets declined an offer of assistance from Japan, evacuating many of the crew to a Soviet ship which sped to the rescue.

In the U.S., the private publication Armed Forces Journal says the U.S. has developed a fighter aircraft designed to be virtually invisible to Soviet radar. Page 4

Jerusalem vow

Israel vowed to retain Arab East Jerusalem forever despite a UN security council resolution condemning its formal annexation of the city. In southern Lebanon, Israeli and right-wing militia gunners shelled towns for the third day. Page 3

BR inquiry

British Rail has started an inquiry into an accident at a Criccieth, North Wales, level crossing in which a group leader and a girl aged 12 were killed and several other Manchester children hurt when they were struck by a train.

Drug warning

The Committee on Safety of Medicines is warning doctors that widespread use of the drug Clofibrate to prevent heart attacks is "potentially dangerous."

Police units claim

The police have a growing number of "para-military" support units, according to the magazine New Society. About one in 10 officers are now specially riot trained and the same number are trained to use guns.

Professor jailed

Professor Derick Corcoran, who holds the chair of psychology at Glasgow University, was jailed for 18 months after pleading guilty to throwing a petrol bomb at a shop which sacked his son.

Sixth Briton

Ian McArthur was named as the sixth Briton who died in the fire which killed all 301 people aboard a Saudi airliner. Fire investigators have found two camping gas stoves in the plane's passenger cabin.

Ripper fear

Fears that the Yorkshire Ripper may have struck again were raised after a woman's body was found in the grounds of magistrates' chairman Peter Hainsworth's house near Leeds.

Lawyers in demo

Hundreds of lawyers fled to the safety of Karachi's court compound as police used rifle butts, batons and tear gas to break up their anti-Government march.

Waddell 'well'

British diplomat David Reddaway exchanged written messages with jailed Anglican missionary Jean Waddell. He was not allowed to speak to her. She said she was well-treated, but needed more books.

Keeper mauled

Brian Stocks, head keeper at club owner John Aspinall's private zoo in Kent, died after being mauled by a tigress.

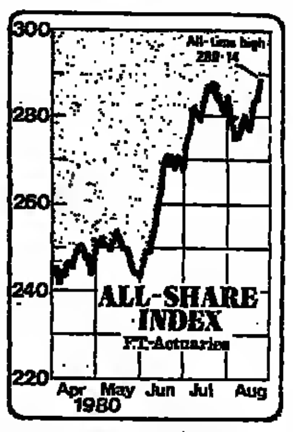
Habit-forming

Religious orders in Spain, alarmed by a drop in numbers, are advertising in ecclesiastical magazines for recruits. The shortage is most acute in convents.

BUSINESS

All-share index at record level

● EQUITIES: electricals and stores led a rise of 1 per cent in the FT-Actuaries All-share index to 289.14, the highest



since the first compilation in 1962. The FT 30-share index made steady progress to close 6.2 up at 497.9. Page 28

● GILTS made modest headway, finishing 0.05 up at 69.18. Page 28

● GOLD rose $9 an ounce in London to close at $643.5. Page 25

● STERLING firmed slightly to close at $2.3700 ($2.3685). Its trade-weighted index rose to 75.6 (75.5). DOLLAR drifted in late trading to DM 1.7945 (DM 1.7965). Its trade-weighted index closed unchanged at 84.7. Page 25.

● WALL STREET was up 7.51 before the close to 952.82. Page 26

● GEC and VICKERS have accepted £95m compensation for shareholdings in nationalised British Aircraft Corporation (Holdings), but may press for more. Back Page

● HARVARD SECURITIES has issued a writ against the Council of the Stock Exchange claiming damages of up to £2m. Back Page

● LIQUIDATORS have been called into Northern Offshore. Page 20

● IMPORTS of domestic appliances rose by a third in the first half of this year. UK manufacturers' deliveries fell by 19 per cent. Page 6

● SCOTCH WHISKY clearances for the home market fell 73 per cent in May to the lowest level since 1965. Page 6; Distillers annual report, Page 18; Lex, Back Page.

● RICHARD ELLIS, London agents, have been instructed to find tenants for a new 30-storey office block in Cuangzhou, China. Page 7

● ROAN Consolidated Mines is raising a $30m eurocredit backed by the U.S. and Zambia to finance copper and cobalt mining in Zambia. Page 22

● BL CARS' hourly paid workers will seek an across the board pay increase of 20 per cent in November. Page 6

● JAPANESE MOTOR industry threatened legal action against a 25 per cent U.S. tariff on small truck cabs and chassis. Page 4

● LLOYDS BANK announced lower minimum mortgage loans and cheaper rates between £10,000 and £30,000. Page 5

● BUNDESBANK is to make more than DM 5.5bn (£1.3bn) of extra liquidity permanently available to the West German banking system. Back Page

● BARCLAYS BANK reported first half pre-tax profit down £4.3m on the serond half of last year to £279.1m. Page 18; Lex, Back Page

● ROYAL DUTCH/SHELL second quarter net profit was £680m (£710m) making a first half total of £1.4bn, up £70m. Page 20; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
BPB	238	+ 7
BTR	383	+ 13
Booker McConnell	55	+ 4
British Sugar	263	+ 8
De La Rue	825	+ 30
Dowty	249	+ 8
Ferranti	417	+ 17
GEC	506	+ 10
Greenall Whitley	220	+ 8
Harris Queensway	156	+ 10
Hill Samuel	147	+ 10
HK & Kowloon Wf.	730	+ 35
I.L. Hldgs.	355	+ 37
Metal Box	298	+ 8
Mining Supplies	146	+ 9
Mothercare	250	+ 8
Reckitt & Coleman	214	+ 12
Redland	189	+ 6
Rowntree Mcckntsh.	160	+ 8
Sainsbury (J.)	469	+ 12
S.E.E.T.	56	+ 6
Tate & Lyle	162	+ 6
Thorn EMI	364	+ 10
Unitech	347	+ 21
Charterhouse Ptrlm.	85	+ 5
Shell Transport	424	+ 4
Allstata Expln.	98	+ 8
Ashton Mining	160	+ 12
Ayer Hitam	370	+ 30
Crootvlei	400	+ 37
Otter Expln.	82	+ 8
Poseidon	238	+ 12
President Steyn	£21¼	+ ¾
Rustenburg Plat.	260	+ 10
Tanks	347	+ 9
Whim Creek	96	+ 6
FALLS:		
ICI	362	− 6
Westward, Dawes	26	− 6
LASMO	680	− 20
Roan Cons.	170	− 20

Union reform issue halts Polish bid to settle strikes

BY CHRISTOPHER BOBINSKI IN GDANSK

THE POLISH authorities' attempts to negotiate with individual plants in the strike-bound Gdansk region appeared to have foundered last night over the Government's refusal to give firm guarantees that it would reform the official trade union organisation.

Mr. Tadeusz Pyka, a deputy premier who has been conducting negotiations with delegates from some of the striking plants in the Baltic coastal region, was replaced yesterday by a more senior deputy premier, Mr. Mieczyslaw Jagielski, after signs that he had been prepared to offer the strikers concessions going well beyond what the Communist Party leadership is willing to contemplate.

But after the failure both of Mr. Pyka's attempts at mediation and of the televised appeal to the strikers by Mr. Edward Gierek, the Communist Party leader, there were indications that the plenum of the party's central committee, its highest decision-making body, will hold a meeting by the end of this week at which fresh policies aimed at mollifying the striking workers will be discussed.

Earlier this week an official commission headed by Mr. Pyka conducted talks in Gdansk with delegates from 17 striking plants in a move designed to undermine the inter-factory strike committee (MKS) which is co-ordinating the strike action on behalf of over 300 factories and enterprises. The authorities have refused to talk to the MKS, which they consider does not represent striking workers.

But terms negotiated by Mr. Pyka's commission with the 17 plants were partially rejected by the Government and most of the plants involved then withdrew from the talks.

The Pyka talks produced a far-reaching set of economic concessions, including wage increases, regular cost of living increases and markedly higher pensions for old people.

On the central issue of independent trade union activity, Mr. Pyka pledged that changes would be introduced at the Trade Union Congress in November. Until then, the "strike committees would remain in being pending the acceptance of a new trade union constitution which would ensure them a real influence on working-class problems."

This was not acceptable to the Government, which proposed that "after a return to work, the strike committees will be co-opted into the existing trade union councils and this will ensure them an influence on working-class problems."

This formula, which lacks the guarantees the strikers regarded as necessary to make them credible, shows that the authorities are still not willing to undertake serious negotiations on the crucial issue in the general strike in Gdansk—whether the foundation of an independent trade union movement can be laid in Poland.

After his arrival in Gdansk, Mr. Jagielski in a radio broadcast invited the strikers for talks, in which he would explain why certain political demands "were impossible to fulfil." But yesterday there was no sign that any delegation was prepared to risk breaking solidarity with the MKS, which has demanded to be recognised by the authorities, and to start talks with the Government.

In an apparent change of tactics, the authorities have begun to refer openly to the strike in the mass media. The economic cost of the stoppages is being stressed in an attempt to turn public opinion against the strikers.

The authorities plainly hope to put the responsibility for the strike on this small group, which has in the past collected information on strike actions. Some of its members have been playing an important role in the Gdansk MKS. The arrests could also be a move by Mr. Gierek to forestall criticism that he has tolerated the group since it was set up in 1976.

In Gdansk, the MKS did not formally protest at the detentions, but Mr. Lech Walesa, a strike leader, told a crowded hall of applauding delegates that "we must not allow the authorities to destroy KOR. That would be a misunderstanding."

Warsaw pact exercises, Page 2

Oil stocks 'at record 5bn barrels' as demand falls

BY SUE CAMERON

CRUDE OIL stocks outside the Communist bloc are at a record 5bn barrels—enough to last for 100 days, according to Mr Peter Baxendell, chairman of "Shell" Transport and Trading, the UK arm of the Royal Dutch/Shell group.

But Mr. Baxendell, at a Press conference in London yesterday, admitted demand for oil products such as heating oil, fuel oil and petrochemical feedstocks had declined "rapidly" by 5 per cent in the first half of this year compared with the same period last year. The drop in demand over the period had been particularly marked in the UK—at about 12 per cent—because of the number of power stations switching from fuel oil to coal.

He stressed that the major oil companies were "reluctant" to reduce their crude purchases—in spite of the weakness of the market for refined products. They were worried that, if they ended their contracts with the producing countries now, they might not be able to revive them in the event of another shortage of crude supplies.

There was concern in the oil industry over the future production policies of members of the Organisation of Petroleum Exporting Countries (OPEC) particularly Saudi Arabia. The volume of Saudi crude was "quite critical."

Mr. Baxendell said it was expected that OPEC members would try to agree common price levels when they meet in November in Baghdad. Saudi Arabia might then decide to cut its crude production by 1m barrels a day or more. Other OPEC members—or even non-OPEC members—might also decide to reduce their output. This could lead to fears among consumers that crude shortages might develop. Such fears could boost prices.

Crude price rises, Page 3
World oil markets, Page 16
Shell results, Page 20
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But Shell believed that crude output could be cut by at least 2m barrels a day before the market began to be really anxious about supplies.

The Royal Dutch/Shell group itself suffered a £30m drop in its reported net income during the second quarter of this year compared with the same period in 1979. Reported net income for the quarter was £680m as against £710m last year. After adjustments for currency gains—£90m—and for stock profits—£150m—the underlying net income for the second quarter of 1980 was £440m.

Figures from Shell yesterday illustrate the fall in demand for oil products. In the first six months of this year the Royal Dutch/Shell group sold 4.365m barrels of oil products a day—10 per cent less than the 4.853m barrels a day of products sold in the same period in 1979. The group's sales of oil products in the second quarter of this year were 7 per cent down on the April to June sales of 1979.

In the first half of 1980 sales of gasolines fell by 5.3 per cent, kerosenes by 7.3 per cent, gas/diesel oils by 15 per cent and fuel oils by 13 per cent compared with the first half of 1979.

Reed Paper to cut 700 jobs

BY WILLIAM HALL

REED PAPER and Board (UK), Britain's biggest paper-maker, is axeing 700 jobs at its main UK site at Aylesford, Kent. The cuts come only two days after Bowater, the other big producer, announced closure of its Ellesmere Port mill, Cheshire, with loss of 1,600 jobs.

Reed's Aylesford complex is the biggest paper and packaging manufacturing site in Europe. Closure of three of nine paper-making machines will reduce output by 40 per cent to about 190,000 tonnes a year, and cut numbers employed on paper and packaging manufacture to 1,000.

The last major cuts were in 1971, when there were 1,000 redundancies.

Mr. Jonathan Benn, chairman and chief executive of Reed Paper and Board (UK), said yesterday that the problem was caused by high costs of raw materials and, especially, energy, and by low selling prices. He said that on energy costs the UK appeared at an "almost unique disadvantage."

"The impact of these factors has been particularly severe at Aylesford Paper Mills, where newsprint and multi-ply liners account for 180,000 tonnes of the mill's 320,000 tonnes annual capacity."

In the first three months of its current financial year Reed International's UK trading profits dropped from £21.5m to

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Meriden jobs lost, Page 5

CONTENTS

Investment and Stocks —manufacturing, distributive and service industries

£m at constant 1975 prices		Capital spending (excluding shipping)	Change in stocks
1974		8,259	+1,427
1975		7,373	−1,456
1976		7,271	+ 722
1977		7,923	+1,064
1978		8,799	+ 648
1979		9,536	+ 765
1980	1st	2,399	− 667
	2nd	2,396	− 234

All figures seasonally adjusted
Source: Department of Industry

Industry invests 5% over estimate

By Peter Riddell, Economics Correspondent

CAPITAL INVESTMENT by industry has recently been substantially higher than previously estimated, and so far this year spending has held up better than expected.

Department of Industry figures published yesterday show that in the last 18 months volume of capital investment by manufacturing, distributive and service industries has been roughly 5 per cent higher than previously thought. This follows the inclusion of revised data.

Spending has remained relatively strong even compared with last year's record level. Investment in both the first and second quarters of this year was just under £2.4bn at constant 1975 prices and seasonally adjusted. This was only 1 per cent less than the average level in the second half of last year.

Capital investment tends to lag behind changes in the economic cycle, and spending could fall much more sharply in the next 18 months. The Confederation of British Industry has only recently become more gloomy about the investment outlook.

The upward revision of the figures for the last couple of years is significant in view of the low profitability of industry.

The volume of industrial investment rose by 31 per cent from 1976 to 1979, despite the cuts in British Steel's spending.

This contrasts with the

Continued on Back Page

£ in New York

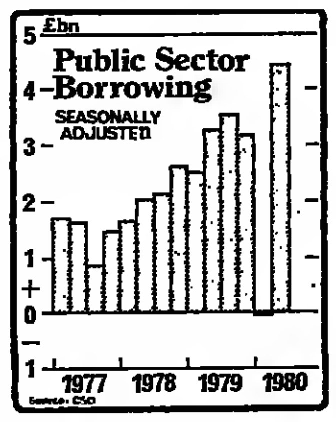
—	Aug. 20	Previous
Spot	$2.3690-3700	$2.3585-3595
1 month	1.53-1.48 dis	1.40-1.35 dis
3 months	3.36-3.30 dis	3.15-3.10 dis
12 months	7.00-6.95 dis	5.75-5.60 dis

Public sector borrowing hits record £4.5bn

BY PETER RIDDELL

PUBLIC SECTOR borrowing was a record £4.47bn in the first three months of the financial year. This is more than half the £8.5bn total forecast for the whole of 1980-81.

The high level of borrowing reflects the combination of a surge in spending by local authorities and the Defence Ministry, and a squeeze on the financial position of nationalised industries.



Whitehall officials were quick to say yesterday that the April to June figures provide no guide to the prospects for 1980-81 as a whole, and that there are several special factors.

In particular, officials said that, while the figures are adjusted for seasonal variations in tax payments, they do not take into account the rising trend of Petroleum Revenue Tax, the £500m refund on contributions to the EEC Budget due later in 1980-81, and a further £500m due from sales of public sector assets.

Moreover, excise revenue from wine and spirit sales may have been exceptionally depressed after the Budget.

Consequently, officials believe it is far too early to assess the outcome for the full year.

City analysts are less inclined to be charitable about the figures. Borrowing between April and June was higher than expected, and many stockbrokers believe the 1980-81 forecast will be exceeded by £1bn to £2bn.

This is after taking account of both the various special factors and Whitehall hopes that defence spending, which is £400m above target, will be reduced in line with the revised cash limits.

Analysts remain concerned about overspending by local authorities. They also believe the deepening recession will reduce the revenue of nationalised industries and push up their borrowing while reducing central Government tax revenue and boosting spending on social security benefits.

This prospect creates a considerable dilemma for the Government in view of its determination to reduce the medium-term path of public sector borrowing. It comes just after the publication of figures showing that monetary growth is also well above target.

The detailed figures show that public corporations, mainly nationalised industries, borrowed £1.01bn, seasonally adjusted, between April and June, compared with a total of £2.76bn in 1979-80. Borrowing by local authorities was £578m in the quarter, compared with an exceptional £1.62bn in the previous three months and a total of £2.94bn in 1979-80.

Dutch 'most heavily taxed'

BY TIM DICKSON

WAGE EARNERS in the Netherlands and Sweden are among the most heavily taxed in the West, a new Inland Revenue study of personal taxation levels suggests.

In a sample of eight nations, the French appear to get off most lightly, while the UK and West Germany are midway down the league table.

The comparisons, based on 1980-81 tax rates, include social security contributions but ignore indirect and corporate taxation, and are therefore not a complete guide to the relative burdens imposed by national exchequers.

The review is based mainly on multiples of the Average Production Workers' earnings in France, West Germany, Italy, Japan, the Netherlands, Sweden, the U.S. and the UK. It shows that an average production worker, married, without children, pays direct taxes at an effective rate of 26 per cent in the UK, compared with 33 and 34 per cent in Sweden and the Netherlands respectively, but only 15 per cent in France.

Comparisons based on the equivalent purchasing power in a smaller sample of countries of the same person earning £6,000 a year show the Netherlands still on top at 31 per cent, with the UK and West Germany next on 26 per cent

FRENCH FISHERMEN CONTINUE TO BLOCKADE HARBOURS

Navy threat raises fears of ports violence

BY DAVID WHITE IN PARIS

THE THREAT of a violent confrontation still hung over the French ports dispute yesterday after a warning by M. Raymond Barre, the Prime Minister, that he would use the navy if necessary to ensure oil supplies.

Fishermens' representatives and local authorities were meeting at Martigues, near Marseilles, to discuss a possible settlement which would lead the blockade of the key oil terminal at Fos-sur-Mer, to be lifted.

In Channel ports, the fishermens' dispute continued to prevent fery traffic between France and England.

Prefects of French coast regions are due to hold talks on Saturday on the specific problems of local fishermen to present proposals to the Government. These may then go to the French Cabinet next Wednesday.

After an abortive meeting last Wednesday with M. Joel Le Theule, the Transport Minister, M. Bernard Dubrevil, president of the Central Sea Fishing Committe, said he was sceptical about the regional meetings, adding that they seemed to be intended to divide the fishermens' movements. The fishermen want a 29 per cent reduction in the price they pay for diesel oil, which is already subsidised, offset by an increase in the price for other users.

M. Le Theule, meanwhile, has written to Mr. Finn Olav Gundelach, the EEC Agriculture and Fisheries Commissioner, asking for work on a European fisheries policy to be speeded up.

The dispute yesterday was blocking access to oil terminals near Marseilles, the starting point of a pipeline network to central and eastern France and to parts of West Germany. Supplies to the Donges refinery near Saint Nazaire on the Atlantic coast have also been affected. France has oil stocks equivalent to about 100 days' supply, but after 10 days' cut-off, it would be delving into its strategic reserve.

The conflict's political implications have grown further as a result of the threat of naval intervention. Unions have condemned the move, which the Communist party called "scandalous." M. Jacques Blanc, secretary-general of President Giscard d'Estaing's small Republican party, hit back by accusing the Communists of trying to disorganise France's economy.

The biggest French shipping line, Compagnie Generale Maritime, yesterday threatened to send all its ships to foreign ports. It said it had lost FFr 4m-6m (£400,000-£600,000) so far in the conflict.

Fishermen lifted their blockade temporarily in several ports yesterday to allow yachtsman to pass through. In Roscoff, Brittany, a car ferry was allowed to dock after two days' wait. Rouen in Normandy was freed after three ships broke the blockade.

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French and Danes may delay EEC fish deal

BY MARGARET VAN HATTEM IN BRUSSELS

THE plight of the thousands of British holidaymakers stranded in France's northern fishing ports may have helped convince the British public far more effectively than any ministerial wrangling in Brussels, that Britain's are not the only fisharman with problems.

When negotiations for an EEC common fisheries policy resume this autumn, the problems of the French and Danish fishing industries may prove an even greater obstacle to progress than the British intransigence which has stalled negotiations for almost four years.

The British may even find themselves in the opposite camp, fighting with the European Commission to force a common policy that will conserve and manage depleted stocks within the EEC's 200-mile limit and end the virtual free-for-all.

Time is beginning to run out for the British. Their preferential rights in British coastal waters expire at the end of 1982, and they hope to get some form of preference written into the agreement. The alternative would be equal rights for all EEC fisherman right up to Britain's beaches.

Britain has one of the two biggest fishing industries in the Community and has more to gain from an equitable common policy and more to lose from a free-for-all. There are already signs that the Government is taking a softer line and quietly dropping some of its more extreme claims.

> The French fishermen's blockade of the Channel ports is a clear sign that the recent softer UK line over a common EEC policy is no guarantee that a solution is near

British ministers and officials have long argued that since 60 per cent of the Community's fish are caught in British waters, British fisherman ought to be allocated a comparable proportion of the EEC's catch.

This argument has not been heard in recent months and it is even conceded that, since fish swim across boundaries, those caught in British waters cannot all be considered loyal subjects of Her Majesty.

At the last ministerial council meeting in Luxembourg in July, Britain was offered quotas equal to 31 per cent of the main fish species. Mr. Peter Walker, the British Minister, rejected this as too low. But he gave no support to British fisherman's demands for a 45 per cent share, and was privately reported to consider the claim unreasonable. Two days after the meeting, he told fisharman in Newcastle that a common fisheries policy would be very good for Britain in the long term.

The other main British demands which have blocked previous attempts to negotiate a policy concern conservation measures and access to British coastal waters.

Several of the conservation measures demanded by Britain, such as the ban on North Sea herring catches, have been incorporated into EEC policy. Others, such as the extension of the Norway pout box, where industrial fishing is banned, have been ruled illegal by the European Court of Justice. But Brussels officials see room for compromise on some of these measures: others, they suggest, may have been forced on the Government by its hard-line Labour predecessor, in which case the court rulings supply an alibi for their abandonment.

The question of access may prove more tricky. Britain wants exclusive rights for its fishermen up to 12 miles from the coast and preferential rights up to 50 miles. Just how preferential these rights should be is not being spelled out.

These questions will be taken up when talks resume next month but the absence of hard line statements recently, seen in the context of progress of Britain's budgetary dispute with its EEC partners, has fuelled hopes in Brussels that the British fisheries problem may be close to resolution.

That this alone may not be enough to produce an agreement, however, is becoming increasingly clear. "The British are talking more realistically these days," comments one senior Brussels official. "The real problem in the next six months is likely to be the Danes. Any common policy is likely to curb their activities. So far, they have not needed to be obstructive—the British have done their work for them—but they may soon be forced into the open."

The Danes have a large industrial fishing industry dependent on the North Sea. It provides many jobs but, critics claim, depletes breeding stocks.

The Danes are anxious to preserve their present *de facto* share and will be fighting hard alongside the Irish, French and British.

What matters most to fisherman, and hence to the Ministers who represent them, is the amount of fish they will be able to catch over the next season. The commission may even be tempted to raise the limit on the total catch if this helps Ministers reconcile their constituents to the final agreement.

For as the French blockaders have demonstrated in the past fortnight, a rebellious fishing fleet is a force to be reckoned with.

East bloc manoeuvres 'a crucial test'

By Leslie Colitt in Berlin

EAST GERMANY'S Defence Minister, General Heinz Hoffmann, has told East German tank troops that the 40,000-man Warsaw pact manoeuvres set for the first part of September in his country will take place in a "complicated and tense situation" and will contribute toward "defending Socialism."

The Government news agency yesterday emphasised that "anti-Socialist elements" had taken over the Polish strike movement and were endeavouring to undermine Poland's social order.

His speech came on the 12th anniversary of the Russian invasion of Czechoslovakia ending the "Prague Spring" of 1968 which also involved workers' calls for independent unions and free speech.

The ...manoeuvres, ...code-named "Comradeship in Arms 80" were originally designed to be the Warsaw Pact's reply to NATO's "Autumn Forge" exercises and will run parallel to them. Since they were planned, however, Poland, whose army is scheduled to participate, has been engulfed by a political crisis.

Gen. Hoffmann told the tank troops that the manoeuvres will be a "crucial test in the class struggle." The motto of the exercise, he said, is: "United for peace and socialism—don't give the enemy a chance."

The military exercises, which will involve amphibian naval units from the Soviet Union, Poland and East Germany, will be the largest the Pact has held since 1970. All the Warsaw Pact countries will contribute troops except Romania, which refuses to allow other troops on its territory. It will send only staff officers to East Germany. Whether the Soviet Union will transport its troops by sea to the manoeuvres or by rail through Poland, is not known.

The strike wave in Poland has moved to within six miles of the East German border, shutting down factories, docks and public transport in the port city of Szczecin on the Oder River. A steady stream of Poles is crossing into East Germany to buy food, petrol and other necessities.

Polish union support

Support for Polish workers in their courageous and inspiring struggle" has been affirmed by the International Federation of Chemical, Energy and General Workers' Unions (ICEF), John Wicks writes from Zurich.

Italian balance of payments shows £424m July surplus

BY RUPERT CORNWELL IN ROME

ITALY'S BALANCE of payments showed a heavy surplus last month, the first time it has been in the black since October, 1979.

A July surplus is traditional here as foreign tourism revenues reach their summer peak. But last month's L855bn (£424m) far exceeds the L264bn surplus in the same month of 1979. It reduces the total deficit for this year to L3,361bn (£1.67bn) from the L4,216bn shortfall between January and June.

In fact, the L1,698bn overall improvement in the Bank of Italy's foreign holdings in July was almost double the payments surplus, thanks to an additional L843bn inflow through the commercial banking system, as Italian corporations continued their heavy borrowing programmes.

In a statement last night the Bank pointed out that the payments deficit had been more than covered so far by such borrowings abroad, which reached L3,684bn in the first seven months. Italy's high rating as a borrower and the present liquidity on the Euromarkets suggest that the trend is unlikely to change.

The payments figures, none the less, came too late to prevent a further slide of the lira yesterday, after a week of sporadic pressure and rumours of a devaluation. The dollar rose three points to L854 at the official fixing, while sterling hit another record at L2,022.4. Other major European currencies also moved ahead.

It is pointed out here that the lira still has not reached its floor in the European monetary system and that the non-gold component of the country's reserves provide almost L19,009bn potential ammunition to defend the exchange rate.

IAEA report 'favourable' to Basque nuclear plant

BY ROBERT GRAHAM IN MADRID

THE INTERNATIONAL Atomic Energy Agency has given a generally favourable report on the controversial Lemoniz nuclear power station being built in the Basque country. The head of the Basque government, Sr. Carlos Garaicoechea, said that although the report contained some criticisms of the plant, these could be resolved easily. The report is being circulated to members of the Basque Parliament and Sr. Caraicoechea said it will be published.

Since work started on the plant, ten miles from the centre of Bilbao, in 1972, it has been a constant source of conflict. There have been frequent demonstrations and protests, and terrorist attacks by ETA, the militant Basque separatist organisation, have caused over £9m worth of damage to the installation, which is being built by the private utility, Iberduero.

The newly elected Basque Nationalist party government has sought to head off controversy. Previously, the party fully endorsed the idea of a referendum on whether Lemoniz should be allowed to operate. But more recently, it has argued that nothing should be done until the contents of the IAEA report were known. The party's leadership realises that Madrid would be reluctant to concede a referendum and even more reluctant to see Lemoniz paralysed.

Iberduero has spent more than Pta 90bn (£520m) on the project and the first of the two 930 MW units is due to start operating next March. The company has warned that there would be a serious national power shortage if the project were halted.

North Sea gas emergency

BY FAY GJESTER IN OSLO

A DRILLING rig working in Norway's part of the North Sea had to be moved hastily from its site yesterday after the drill encountered an unexpected gas pocket. The rig Norskald briefly developed a marked list during the move, but this was soon righted and none of the 71-man crew was inj[ured]. The flow of [ga]s from the well stopped after about two hours and emergency routines were called off. It is not clear, however, when work on the well can be resumed.

Statoil, the national oil concern, said the well head would have to be inspected. Norskald is drilling for Statoil in the so-called "golden block" of the Norwegian North Sea.

Greeks hit at foreign companies

By Our Athens Correspondent

MULTINATIONAL companies in Greece are increasingly becoming the target of bomb attacks by extreme Left-wing groups which claim the companies make excessive profits. Two home-made bombs exploded in Salonica yesterday, damaging branch offices of Citibank and Shell and a British Petroleum filling station.

An organisation calling itself "Revolutionary Left" has claimed responsibility for seven bombings in Athens last month, most of them directed against large industrial concerns, including Siemens, of West Germany. Leaflets were distributed saying the attacks were in protest against the high cost of electricity and other basic items.

The opposition daily newspaper Eleftherotipia, meanwhile, has alleged that 2,000 undercover agents are working in Greece for the U.S. Central Intelligence Agency. It named Colonel Everett Mardar, military attache at the U.S. embassy here, as the CIA's station chief for the Balkans and the Middle East. The newspaper added that Col. Mardar had replaced Richard Welch, the CIA station chief assassinated in Athens in December, 1975.

It also listed 141 U.S. companies with offices in Greece and accused them of helping the CIA.

The bombs and Press allegations come at a time of considerable anti-U.S. sentiment among Greeks, who are incensed at what they consider Washington's inability to curb Turkish intransigence over the Cyprus issue and its prevention of Greece's return to the military wing of NATO.

Dutch earmark £6.5m aid for textile industry

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS has announced a Fl 30m (£6.5m) aid programme to help its hard-hit textile industry modernise and increase exports over the next three years. The textile sector has declined more rapidly in the Netherlands than in any other European country in recent years, with earlier aid programmes achieving only limited success.

The Government will provide Fl 25.6m (£5.5m) to the cotton, rayon and linen industries and Fl 4.4m (£950,000) to the wool sector to cover the three years up to the end of 1982, to improve prospects in both traditional and new markets, according to the Economics Minister, Mr. Gijs Van Aardenne.

Aid will be available in five categories:—

● The Government will pay half the wage and social security costs and business expenses of textile company export managers for the first 12 months' employment, up to a maximum of Fl 60,000 (£13,000). Elsewhere similar subsidies only apply for six months.

● Subsidy of 20 per cent for investment aimed at diversifying a company's product range or improving quality.

● The same percentage will be paid to meet the cost of removing equipment to achieve diversification or improve quality.

● The scheme will meet 40 per cent of costs at trade fairs and exhibitions.

● The modernisation or demolition of buildings to diversify production or improve quality.

This aid will be reduced if any company is already eligible for other general subsidies which meet more than half the cost of investments. Spending of less than Fl 10,000 (£2,100) will not qualify for aid. The Government has asked the European Commission to approve the latest aid programme.

A recent Government review of the Dutch textile industry showed that output levels and employment have fallen more quickly than in any other European country.

Output fell by 15 per cent between 1970 and 1976, compared with a 7 per cent average increase in the EEC as a whole. Employment fell by 34 per cent between 1973 and 1978 compared with a 22 per cent decline in the EEC.

The experiment in non-Socialist government has reached a critical stage, writes **William Dullforce** in Stockholm

Swedish economic policy under fire from all sides

LESS THAN a year after Sweden's non-Socialist coalition had prised the Social Democrats out of a 44-year rule, it devalued the krona, stimulated the export industries and averted an economic crisis. Since then—August, 1977—its economic actions have been hesitant, stamped with compromise, and unconvincing.

This year, after a traumatic national referendum in March on nuclear power, Mr. Thorbjörn Fälldin, the Prime Minister, concentrated on proving his Government's competence to manage the economy. In May, Sweden experienced the biggest industrial dispute in its history, with 10 days of strikes and lockouts followed by a dockers' strike.

On Tuesday, Mr. Fälldin appeared at a Press conference to announce a 1.9 per cent increase in value added tax. He was without the usual accompaniment of his colleagues from the Conservative Party, headed by Mr. Gösta Bohman, and the Liberal Party, headed by Mr. Ola Ullsten. His announcement, translated into retail terms, means that Swedes will be paying VAT of 23.45 per cent, the highest in Europe, on nearly 60 per cent of the goods and services they consume.

Far from being regarded as a resolute attempt to correct imbalances in the economy, the three-party coalition's action has been criticised from all sides, including both industry and the unions.

Svenska Dagbladet, a staunch champion of the non-Socialists, described it as a purely defensive move. "Where are the offensive components to bring about the industrial revival which everybody recognises to be a compelling necessity?" the daily demanded.

Mr. Curt Nicolin, industrialist and chairman of the Swedish Employers' Association, commented in similar vein. He was than asked whether he doubted the Government's ability to solve the country's economic problems. "Let me say that it appears to be very impressed by the fact that it has a majority of only one in the Riksdag (parliament)," he replied.

The credibility of Mr. Fälldin's coalition is at a very low ebb. The same could be said of the effort to inject non-Socialist principles into Swedish society, despite the fact that a majority of Swedes opposed socialism at the last two general elections.

The 1.9 per cent VAT increase represents a compromise with the Social Democrat opposition. The Government's original intention had been to raise VAT by 2.9 per cent.

It will now supplement the lower tax increase by raising excise duties on spirits, tobacco and possibly petroleum products, at the Opposition's suggestion. It has also acceded to the Social Democrats' demand for an extraordinary session of the Riksdag next week to discuss the economy.

Mr. Fälldin is torn between his stated long-term aim of improving the conditions for private enterprise and industrial activity, and his desire to reach an understanding with the Opposition which could deflect another potentially disastrous confrontation between employers and unions early next year.

With his latest mini-package he runs the risk of achieving neither. Mr. Gunnar Nilsson, chairman of the blue-collar union federation, has already reiterated his opposition to any VAT increase, which he claims eats away the income improvements his members won in May.

To be fair to Mr. Fälldin, he did emphasise that the increases in indirect taxes were only part of broader stabilisation programme planned by the Government. In October it will submit proposals to cut public spending by SKr 7bn (£710m).

But industry remains sceptical whether the savings planned will be translated into stronger incentives for investment and industrial expansion. Its scepticism is based on the Government's record over the past four years, and its fumbling efforts so far this year to put together a coherent policy.

The development of the external payments balance this year forced the Government to act to stem domestic demand. The 1980 finance plan, published last December, estimated that the payments deficit would widen from SKr 8bn in 1979 to just over SKr 12bn this year.

Mr. Thorbjörn Fälldin, right, may face an early election if Mr. Olof Palme, left, heeds some advisers.

In the revised finance plan, issued in April, the deficit was forecast to reach SKr 16.6bn, and it is now generally assumed that the final outcome will be closer to SKr 20bn. The growing deficit can be attributed only partly to higher oil prices.

Explaining the need for a VAT increase, Mr. Fälldin pointed out that the Organisation for Economic Co-operation and Development was forecasting a decline in total demand of between 1 and 2 per cent in its area during the second half of the year, while Swedish domestic demand was scheduled to rise by 4.5 per cent.

The Swedish economy traditionally reacts late to international business cycles, but the lag forecast for the second half was unusually large. The prospect of facing even a mild world recession with such a heavy current account deficit clearly called for action.

Mr. Fälldin also talked of an accelerating currency outflow. During the first six months the outflow was SKr 11bn-11.5bn, roughly in line with the current account deficit and, if the published figures are accurate, provides no evidence of any strong speculative movement of money.

The outflow did appear to accelerate to a monthly rate of SKr 2.8bn in July. The deficit has been covered so far this year almost exclusively by state foreign borrowing, which amounted to the equivalent of around SKr 14bn by the end of July.

Sweden's foreign debt is not excessive by current standards—a net of SKr 26bn or 6 per cent of gross national product at the end of 1979—and the state debt office has had no problems in raising foreign loans. But a prospective addition of SKr 20bn during 1980 and a doubling of the state's foreign debt to around SKr 40bn this year are causes for concern.

The Opposition has challenged Mr. Fälldin's assertion that domestic demand would rise by 4.5 per cent in the second half. Another moot point is the extent to which the wage settlement at the end of the strikes in May can be blamed for the anticipated high level of domestic demand, since the settlement effect has still to come through in the figures.

It is expected to add 11-12 per cent to nominal incomes. The employers accepted it only after an appeal from the Government to end the dispute which was threatening to throw the country into chaos. Compared with this year's settlements in Britain and Italy it is not especially high, but Swedish industry's labour costs will increase faster than those of some of its major rivals.

What gives the Government additional and real reason to worry is that the May settlement expires at the end of the year. The negotiating drama which lasted from November until its eruption into strikes in April and May will have to be repeated next winter and next spring. The situation is a political minefield for Mr. Fälldin.

Most Swedish economists agree that domestic demand is too high, that industrial investment is too low and is picking up too slowly, and that both private and public consumption—whose excesses are demonstrated in the current-account deficit and the SKr 55bn deficit on the 1980 budget—need to be reduced.

The idea that Sweden is living beyond its means is now almost axiomatic. So is the argument that resolute government action is needed to at least prepare the ground for industrial expansion. In this context, the coalition's 1.9 per cent increase in VAT even when supplemented by higher excise duties, is a drop in the ocean.

The pressure is on Mr. Fälldin to act decisively. But at the same time, as Mr. Nicolin suggested, he appears obsessed by the narrowness of the Government's majority, and must have the gravest suspicions about the intentions of the unions and the Social Democrat opposition, with whom he has been tentatively and so far fruitlessly seeking to reach an understanding on economic policy.

During the last industrial conflict, the unions insisted that their members' purchasing power had to be sustained, an aim which even then jibed with the need to curb consumption. Union leaders have warned that even the modest rises in indirect taxes now proposed will stiffen their attitudes in the next wage talks.

Although Mr. Olof Palme, the Opposition leader, has not made his own position clear, some Social Democrat and union leaders are undoubtedly keen to exploit the situation to bring down Mr. Fälldin's Government and to force an election.

They have to achieve this before next spring at the very latest, because an election in the second half of Sweden's short, three-year parliamentary term is regarded as unpopular (the next general election is scheduled for September 1982). Sweden's experiment with a non-Socialist Administration has reached a most critical stage.

Engineering sector profits rise

BY OUR STOCKHOLM CORRESPONDENT

SWEDEN'S engineering companies improved their earnings substantially during 1979 for the first time in six years, but the return on assets in many companies was still lower than the interest they were paying on their debts.

It was worrying that so many companies had to meet the recession with seriously weakened finances, Mr. Aake Nordlander, managing director of the Swedish Engineering Employers' Association commented yesterday, when presenting the Association's annual survey of engineering profitability.

The average Swedish engineering company posted a return on equity before tax of 3.2 per cent last year, well ahead of the 3.2 per cent average recorded in 1978 but still below the levels reached in the 1972-75 period. Bigger companies with more than 500 employees performed best, averaging 8.6 per cent on equity, while the smallest averaged 2.6 per cent.

The highest earnings, 11.8 per cent, were made by the transport branch, followed by the machinery manufacturers with 11 per cent.

The earnings spread is wide. One-third of the employees in the industry worked for companies with a return of over 15 per cent, while one in seven employees worked for a company which ran at a loss in 1979.

● The widespread strikes and lockouts in the spring cost Swedish industry some Skr 6.5bn (£657m) in lost production, the Statistical Central Bureau reported. Without the industrial dispute output would have risen by 10-12 per cent, according to the bureau.

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Changes pending as China sets Congress date

BY TONY WALKER IN PEKING

THE NATIONAL People's Congress, China's Parliament, will open on August 30, it was announced yesterday.

The "session" will see the appointment of a new Premier and the retirement of a number of veteran officials, including Deng Xiaoping, the Senior Vice-Premier.

A brief announcement by Xinhua, the Chinese news agency, said the date had been set by the Congress standing committee now meeting in Peking.

The new Premier will be Zheo Ziyaog, 61, replacing Hua Guofeng, who also holds the position of chairman of the Chinese Communist Party.

Mr. Zhao is at present executive Vice-Premier, in charge of the day-to-day affairs of state. He was formerly party chief in Sichuan Province.

Zhao Ziyang

The Congress can be expected to endorse new regulations regarding taxes to be levied on joint ventures and also a scale of personal income taxes for foreigners working in China.

Xinhua reported last night that the Congress's standing committee had been briefed by Gu Ming, Deputy Director of Legislative Affairs, on "a draft law concerning income tax on joint ventures and individual income taxes."

The standing committee was also briefed on the setting-up of special economic zones in the coastal provinces of Guangdong and Fujian. These special zones have been set up to attract foreign investment.

The standing committee's meeting was presided over by Ye Jianying, its chairman.

Our Peking correspondent adds: If a U.S. Republican Administration upgraded relations with Taiwan, it would be "detrimental" to Sino-American relations, Huang Hua, China's Foreign Minister, said yesterday.

He was speaking before private talks with Mr. George Bush, the Republican Vice-Presidential nominee. Mr. Bush arrived in Peking on Wednesday for talks with Chinese officials. On the eve of his arrival, Mr. Ronald Reagan, the Republican Presidential candidate repeated his proposal for a change in the status of U.S.-Taiwan relations.

This has deeply angered Peking. The Communist Party newspaper, the People's Daily, has strongly criticised Mr. Reagan.

To coincide with Mr. Bush's visit, Xinbua, the official Chinese newsagency, has run a number of stories quoting prominent American Democrats, criticising the Republican position.

South Africa gears itself for war

BY BERNARD SIMON IN JOHANNESBURG AND SIMON HENDERSON IN LONDON

THE South African Government in receot years has beeo developing a "total strategy" to meet a "total onslaught"—the seemingly relentless advance of communism, uofriendly black nationalist governments, and coolness from its ooe-time allies in the West.

The strategy covers all elements of national policy, but it has a military heart. South Africa is determined that no potential enemy will he able to cballenge its military strength.

In building up South Africa's armed forces, Pretoria has faced increasingly tight and well-policed sanctions against foreign arms suppliers. Even France, which ignored earlier United Netioos resolutions, joioed the Security Council's 1977 mendatory ban on arms sales, cancelling orders for four warships. Since then, several of South Africa's clandestine arms suppliers in Europe and North America have been charged with breaking the embargo.

As a result, South Africa has given top priority to developing its own armaments industry. In less then two decedes, South Africa has become the largest arms producer in the southern hemisphere, surpassing even Brazil end Australia, and the tenth-biggest this side of the Iron Curtaio.

Pretoria now possesses a daunting panoply with which to counter threets to its security, whetber they be riots at home, guerrilles infiltrating Namibia and other neighbouring states, battles with African armies, or limited naval harassment froo a hostile power such as the Soviet Union.

According to the authoritative Military Balance, published by the International Institute of Strategic Studies in Loodon, South Africa can build:

- advanced aircraft, including engines, armaments and avionics;
- helicopters:
- chassis and engines for armoured vehicles, and even a version of laminated armour;
- hulls for patrol boats, althougb the engines and armaments have to be imported.

Mucb of this is done uoder licence argeements arranged before the United Nations embargo, but there are claims that production could continue if the licences were abrogated. The institute judged thet South Africa had made significant progress in its manufacturing capability over the past 10 years.

Specific items now produced in South Africa include the French Mirage aircraft, the local version of the Italian Miacchi jet trainiog aircraft, French-designed Panhard armoured cars, Israeli-designed missile boats, a derivative of the French Crotale surface-to-air missile, eir-to-air missiles, artillery pieces, infantry weapons and a wide range of ammunition.

The hody at the centre of this expansion of military capability is the state-owned Armaments Development Corporation (Armscor). It is not shy ahout its existence — its flag flies boldly over its headquarters complex io Pretoria. But, like many aspects of South Africa's defence and economic planning, information ebout it is strictly cootrolled.

The Armscor group either manufactures, or buys from local or foreigo cootractors, wbatever items the South Africa defence forces oeed.

The group was formed in 1968. In the 10 years to 1978, turnover soared from R32m (£17.8m) to R979m (£543.4m). Its allocation in this year's defence budget is about R1,200m, and it is scheduled to raise an additional R100m on domestic capital markets in 1980. According to a senior Armscor executive, it is probably the country's fastest-growing industry.

About 23,000 people work for Armscor and its eight manufacturing subsidiaries, compared with 15,000 three years ago. The subsidiaries, which operate under such innocuous names as Lyttleton Engineering Works end Pretoria Metal Pressings, owo 14 factories, mostly in the Johanneshurg and Cape Town areas.

These companies meinly assemhle components supplied by private sector contractors. The Armscor executive says: "We never duplicate any manufacturing facility in South Africa." Some 600 local compenies are Armscor suppliers, providing goods from tents and uniforms to specialised steels and electronics.

Clues to some of South Africa's suppliers have been made public. For iostaoce, Armscor officials aod senior defence force officers have been decorated by the Taiwan Government. Several South American Governments have also publicly honoured South Africa's military leaders. The United Nations and others have claimed that companies in Italy, Israel aod West Germany, among others, have sold military equipmeot to Pretoria.

Israel is probehly a particularly veluable link. First for its experience, because it has also been buildiog up an indigenous arms indostry to guard against the uncertainty of foreign supplies. Second, because the weapons it goes for are probably similar—both nations are having to fight insurgents. But the details of the Israeli link are a closely guarded accret in both countries.

Informetion ebout clandestine purcbeses io tbe West is harder to come by, but, accordiog to foreign reports, Armscor bought a well-concealed 20 per cent share in the mid-1970s in Space Research Corporation, a company whose factory straddles the U.S.-Canadiao border io Vermont. Spece Research apparently helped to develop the technology for a 155 mm long-raoge artillery piece now manufactured in South Africa. The U.S. broach of the company has been heavily fined by e U.S. court. Last week, Space Research was also heavily fined io Mootreal on seveo counts relating to cootravention of the arms embargo by its Canadian section.

The local arms iodustry has relied heavily oo adapting maoufacturiog licences obtained from ebroad before the arms ban. Armscor's philosophy is that these licences are "recipes" for equipmeot suited to South Africa. "We paid for them aod we have every right to continue with productioo," the corporation's chairman hes been quoted as saying.

Along the way, South Africe has also become e substantial arms exporter, hut the authorities refuse to name their customers. An ameodment this year to the Armameots Development and Productioo Act keeps all exports of weepons and their components a closely guarded secret. The Guerrillas of Polisario, fighting for the independence of the former Spanish Sabera, heve ceptured armoured cars with Afrikaens writing on them from the Moroccan forces.

"We will have to meet the military threat ell the time," one Armscor executive said. The implication is that South Africa's arms iodustry is going to keep growing.

Israel defies UN censure of united Jerusalem

BY DAVID LENNON IN TEL AVIV

JERUSALEM is the capital of a sovereign Israel and is a united city which will never again be torn apart, the Israeli Foreign Ministry defiantly declared yesterday. It rejected as "unjust and unilateral" the UN Security Council resolution which censured Israel for proclaiming all of the city as its capital.

Mr. Yitzhak Shamir, Israel's Foreign Minister, summoned Mr. Samuel Lewis, the U.S. Ambassador, from Tel Aviv to Jerusalem, to criticise America's failure to veto the resolution. There were convincing reasons, the Minister told him, for the U.S. to have opposed the resolution.

Nevertheless, there is nothing in the resolution contradicting stated U.S. policy on the status of the city. The U.S. apparently abstained, rather than voted for it, for electoral reasons.

The Israeli Foreign Ministry said that the UN decision called on those countries with embassies in Jerusalem to move them out of the city. Chile yesterday became the fourth country to announce that it will move its embassy to Tel Aviv.

Noting this, an Israeli Foreign Ministry official said that the critical UN vote was the first one which was actually being implemented before it was taken.

During the three weeks since Israel passed the special Jerusalem Law, Venezuela, Uruguay and Ecuador have also said they would move their missions. Nine other countries, including Holland, have still to announce their position.

Meanwhile, workmeo were busy putting what appeared to be the finishing touches to a new office building in Arab east Jerusalem, to which Mr. Menahem Begin, Israel's Prime Minister, is expected to move soon, as a further assertion of Israeli control over all of the city.

Alan Mackie reports from Cairo: Egypt yesterday warmly welcomed the UN Security Council resolution, which Mr. Butros Ghali, Egypt's Minister of State for Foreign Affairs, described as "positive and constructive."

President Sadat, meanwhile, has sent a message to Mr. Begin expressing the hope that the present difficulties in the deadlocked talks on autonomy for the Arab inhabitants of the West Bank and Gaza Strip may be overcome.

He has also asked local newspapers to tone down their attacks on Mr. Begin.

Malaysia 'has oil reserves of 1.8bn barrels'

By Wong Sulong in Kuala Lumpur

PETRONAS, the Malaysian oil company, has revised the country's proven oil reserves upwards from 1.4bn to 1.8bn barrels.

This is the second time this year that Malaysian oil reserves had been revised. Last April, Petronas raised the country's reserves estimate from 1bn to 1.4bn barrels.

The new oil figures were disclosed in a paper presented by a senior Petronas official at an energy conference in Kuala Lumpur yesterday.

At the present rate of production of 280,000 b/d, the reserves would be exhausted in 18 years, while Malaysia would be a net importer of oil by 1987.

S. Korean army endorses Chun

SEOUL—Gen. Chun Doo-Hwan, certain to be named President of South Korea next week, was strongly endorsed for the post by Korean military leaders yesterday.

A statement by ex-President Choi Kyu-Hah, who resigned last Saturday, said only "the new leader should have the support of all the nation as well as the military, and Gen. Chun has that."

Park Choong-Hoon, the acting Prime Minister, is Acting President until next week's electoral college meeting.

Chun has held total power in all but name since he led a brief military coup on December 12.

AP

Russian nuclear submarine fire 'kills 9 crew'

By Richard C. Hanson in Tokyo

NINE CREW members of a Soviet nuclear-powered submarine are reported to have died in a fire which left the vessel crippled in international waters near the southern tip of Okinawa, Japan, early yesterday.

According to reports reaching Tokyo, the Russian submarine was of the Echo-1 class, a 5,000 tonne ship built in the early 1960s. It is believed to have been either on patrol in the area — which is used frequently for U.S. naval operations — or en route to the Indian Ocean.

There have been no signs so far of leaks of radioactivity from the submarine's nuclear reactor, and no indication of what may have caused the fire. The Russians declined an offer of assistance from Japan, and quickly evacuated many of the crew (including the dead and injured) to a Soviet ship which came to the rescue.

News of the accident first came from a British liquid natural gas (LNG) tanker, the Gari, which responded to a distress call and approached the submarine 100 miles off Cape Kiyan on the southern tip of the main Okinawan island.

Russian officers boarded the Geri and used its radio to report the fire to the Russian Embassy in Tokyo. Japanese maritime safety officials picked up word of nine crew members dead and three injured, in radio communications between the submarine and the approaching Russian ship.

About 55 members of the crew were reported to have been transferred to the rescue ship soon afterwards.

AMERICAN NEWS

Railway deregulation bill founders in Congress

BY IAN HARGREAVES IN NEW YORK

THE CARTER Administration's efforts to lift decades of limitations on the pricing and flexibility of U.S. railways appear to have collapsed.

Backers of the so-called rail deregulation legislation in the House of Representatives announced that they were abandoning their bill because of the insistence of a Republican-led group of Congressmen on an amendment which would, according to the deregulators, have destroyed the spirit of the bill.

A spokesman for Congressman James Florio, a Democrat from New Jersey and floor manager for the bill, said yesterday that he was "extremely pessimistic" about any revival of the bill in the present Congress.

Government and industry officials, however, expressed the hope that a compromise could still be reached in time to relaunch a bill next month.

If the move to change the law, which had already been passed in the Senate, has been defeated it is the first failure of President Carter's sweeping programme to restore open market pressures to sectors of U.S. business long shackled by federal controls of one kind or another.

The spirit of deregulation has already had dramatic consequences for the airline and road haulage industries and promises to lift many of the restrictions in the banking industry.

The deregulation Bill for the railways came unstuck on an amendment which would have had the effect of keeping Government price control for the railways' main cargo, coal.

Supporters of the amendment argued that many power companies were wholly dependent upon rail transport and that if the railway companies were given a chance to hoist rates, consumers would be forced to pay much more for their electricity.

The amendment would have required federal intervention on prices where a railway's sales revenue from hauling a particular commodity exceeded costs associated with the cargo by more than 1.6 to 1. The Bill proposed a formula of 2:1, which was regarded by the railways as an acceptable level of control on their pricing freedom, especially on coal.

The deregulators claim that the railway industry can only be revitalised within the private sector if profit margins are increased, in order to provide more funds for investment. The investment is needed both to improve services and to reverse the industry's poor safety record, which is itself mainly a result of poor track maintenance.

Senators press tax cut plan

By Our Washington Correspondent

THE SENATE Finance Committee, flouting Administration disapproval and inaction in the House of Representatives, is forging ahead with its version of a 1981 tax cut —$22bn (£9.3bn) in reductions for individuals, faster investment write-offs for business, and a $2.3bn capital gains tax cut, voted yesterday. The reduction in taxes could total about $37bn.

Democrats and Republicans on the committee are pushing ahead fast to try to create a "handwagon" for tax cuts that might jolt the House and possibly the Administration into following suit.

Senator Russel Long, the committee's veteran Democratic chairman, has in effect set today as a deadline for the committee to agree on the main elements of a tax cut package. His particular reason for haste is that he plans to leave Washington to campaign for re-election in Louisiana.

So far, other branches of the Government seem unmoved by the Senate committee's tactics.

The Administration's "economic renewal" programme, due to be announced by the President in the next 10 days will contain more modest tax cut plans for 1981.

U.S. developing fighter 'undetectable on radar'

BY OUR WASHINGTON CORRESPONDENT

THE U.S. has developed and secretly tested in Nevada over the past two years a fighter aircraft that is designed to be virtually invisible to Soviet radar, according to an authoritative report yesterday in the Armed Forces Journal, a private publication.

The Defence Department did not comment on the report which said the aircraft was being built by Lockheed Corporation and was known in military circles as "the stealthy aircraft." Apparently contoured to reflect fewest radar waves and coated with special absorbent paint, the aircraft is designed to penetrate Soviet air defences undetected.

Several prototypes have been built, but two are reported to have crashed, possibly because of the aircraft's peculiar shape. Nonetheless, if flaws in the new technology are ironed out, defence planners believe it could be adapted to the design of a new strategic bomber.

Some Congressional leaders have already been briefed on the project, and it is quite possible that the Carter Administration is not unhappy to have news of it leak out during the Presidential campaign. Mr. Ronald Reagan, the Republican nominee, has sharply criticised Mr. Carter for cancelling in 1977 plans for the B-1 bomber to replace the ageing B-52.

Nuclear reactor licensed

BY OUR WASHINGTON CORRESPONDENT

THE NUCLEAR Regulatory Commission has granted a Virginia power company an operating licence to start a new reactor, the first such permit given in the U.S. since the Three Mile Island accident in Pennsylvania in March 1979.

The Commission was yesterday considering granting a second operating licence for a reactor owned by the Tennessee Valley Authority. Like many authorities around the country, the TVA's power generation is behind schedule partly because of the NRC's moratorium on new licences since the accident.

Reactor safety was the focus of the President's Kemeny Commission, which issued its recommendations last year. But the emphasis in the political debate about nuclear power has this year switched back to the long-term problem of nuclear waste disposal, while both President Carter and Mr. Ronald Reagan, who are contesting the election, are agreed on the need for nuclear-generated energy.

Billy Carter 'did not try to lobby'

BY DAVID BUCHAN IN WASHINGTON

MR. BILLY CARTER yesterday took the stand before a special Senate committee to assert that he had never tried to influence his brother, the President, or any U.S. official, on behalf of the Libyans from whom he has borrowed money.

Mr. Carter told the nine senators of the panel that from his first trip to Libya in 1978, he made it clear that he was "not a vehicle through which Libya could affect U.S. policy."

"I see no allegation that anyone committed a crime and no indication that the Department of Justice treated me with favour," the President's younger brother said. The issue had arisen as to whether Mr. Billy Carter had been tipped off by Administration officials to register as a Libyan agent last month, thus avoiding criminal prosecution under laws that bar clandestine lobbying on behalf of foreign regimes.

Mr. Carter, in a three-piece suit with cowboy boots, was the star witness of this week's hearings, held in the marble Senate caucus room once the scene of the Watergate investigations in 1974. But if the crowd of reporters and spectators yesterday expected any immediate revelations, they were disappointed.

But after Mr. Carter the younger read a 27-page statement asserting his innocence, the Senate committee went into private session to hear new evidence.

Mr. Carter acknowledged he had brought most of his troubles upon himself. "But I refuse to conform to an image that a lot of people thought a President's brother should adopt," he said.

The hearings would show, he went on, that "Billy Carter is not a buffoon, a boob or a whacko . . . I am a common citizen with uncommon family problems."

The President's brother has been much criticised for taking $220,000 from Libya. But he said yesterday that much of his income from speaking engagements, commercial endorsements, and the like had dried up because of his unpopular links with Libya.

"I truly believe that the Libyan people with whom I deal felt personally responsible for the fact that I had lost my means of livelihood," he said.

WORLD TRADE NEWS

Argentina signs Brazil nuclear deal

BRASILIA—Argentina has agreed to supply 240 tons of reactor grade uranium fuel to Brazil as part of a supplemental nuclear accord intended to signal an end to the traditional rivalries between South America's two most powerful countries.

The accord was signed late Wednesday by nuclear energy officials of both nations, coinciding with Argentine President Jorge Videla's visit of friendship to Argentina's Northern, Portuguese-speaking neighbour.

Sr. Videla and President Joao Figueiredo presided at formal ceremonies as the military-backed Governments of both nations said they would share information and technological resources in the development of nuclear energy. The agreements are in addition to a broad-based nuclear accord signed by the countries in May, when Sr. Figueiredo made a visit to Buenos Aires.

The Argentine shipment of nuclear material is scheduled to begin in 1981, foreign ministry officials said. Brazil would repay what is being described as a loan two years later by equal shipments of nuclear material to Argentina, officials said.

Argentina is more advanced than Brazil in its nuclear programme, with a 370,000 kW reactor supplying electricity since 1975. Brazil has eight nuclear power plants either under construction or planned, but none have been put on line.

Robert Lindley adds from Buenos Aires: Vice-Admiral Carlos Castro Madero, the president of Argentina's National Atomic Energy Commission, said that one of the agreements signed by the two countries "foresaw the possibility that Brazil could provide some heavy component for Atucha Two, Argentina's third nuclear power plant, about to go into production, a component which could not be manufactured in Argentina.

As for the 240 tons of uranium, an aide said that it would be natural uranium and would be lent to Brazil and that Brazil would return it with interest, which could either be in uranium or in foreign exchange.

AP

Dacca-Paris energy accord

DACCA — Bangladesh will sign a nuclear agreement with France during President Ziaur Rahman's brief visit to Paris on August 29 for talks with French President Giscard d'Estaing. Foreign Minister Shamsul Huq said yesterday the agreement will be "an umbrella agreement under which France will provide assistance for its nuclear energy development."

Bangladesh has plans to set up a 250 megawatt nuclear power plant at Roopur in northern Bangladesh. Mr. Huq said since Bangladesh had signed the non-proliferation treaty and was publicly committed to peaceful use of nuclear energy, there was no reason to fear that Bangladesh would produce nuclear weapons.

AP

Malaysia water project

The Malaysian Government plans to spend M$1.4bn (£274m) on water supply projects between 1981 and 1985 as part of the Fourth Malaysia Plan. This is more than double the amount spent during the five-year Third Malaysia Plan which is now drawing to an end, agencies report from Kuala Lumpur.

Japan bid to reverse U.S. truck duty

BY RICHARD C. HANSON IN TOKYO

THE JAPANESE motor industry, angered by the imposition of a 25 per cent tariff on imports to the U.S. of small truck cabs and chassis, said yesterday it would take legal steps to overturn the decision. The government, meanwhile, is moving to resolve the dispute under the provisions of the General Agreement on Tariffs and Trade (GATT).

Toyota and Nissan issued separate statements saying their U.S. subsidiaries would contest the reclassification of the light truck cab/chassis imports, which until this week were allowed to enter the U.S. under a 4 per cent tariff applicable to motor parts. The Japanese have for several years built up their sales of light trucks in the U.S. under an understanding with U.S. authorities dating back to 1973 which allowed them to import unassembled trucks as parts.

The 25 per cent tariff slapped on light trucks this week by the U.S. Treasury dates back to the early 1960s when it was used to retaliate against European (mostly German) imports in a trade dispute.

The Japanese makers view the higher tariff rate as illegal, and are taking steps under U.S. customs law to complain and then file suit in Customs court. The Japanese Government believes the U.S. decision runs contrary to the spirit of the GATT, and, as such, will enter into talks with the U.S. under the rules set by the GATT.

Japanese officials have sought over the past few months to persuade the U.S. to either leave the small truck tariff as it was, or, if there must be an increase, to keep the tariff to a more moderate level. The U.S. Government, under strong political pressure because of the recession in its own motor industry, refused, despite concessions won from the Japanese earlier this year on opening up their own market to car imports.

Toyota said that it would have to consider layoffs or a possible closure, at its California subsidiary, which manufactures small truck backs for final assembly in the U.S. Both Toyota and Nissan are threatened serious damage to the dominant position they hold in the small truck market in the U.S.

David Buchan adds from Washington: Japan has in recent months shipped small trucks into the U.S. at a record annual rate of 400,000 in an apparent bid to beat the now-effective higher U.S. tariffs, according to a senior trade official here.

Last year, Japan exported 280,000 light trucks to the U.S. worth $1.5bn ($633m). The trucks are shipped in two parts. But, because the U.S. motor industry has complained that bolting the two parts—a cab chassis and a flat bed—are the work of a matter of minutes, the U.S. Administration has reclassified the imports as complete trucks for which the tariff is 25 per cent.

Mr. Robert Hormats, the deputy U.S. trade negotiator, said the U.S. might negotiate a reduction in the new tariff, but that would require Japanese companies to voluntarily restrict their exports and open up their own market to U.S. products.

Barter plan in Swiss Rapier deal

BY JOHN WICKS IN ZURICH

COMPENSATION orders for Swiss industry are foreseen in connection with the planned sale to the country's army of British "Rapier" anti-aircraft missiles. The "Rapier" contract is to come before the Berne Parliament later this year and supplies could start early in 1981.

The manufacturer of the "Rapier" system, British Aerospace, has expressed its readiness to take part in a purchase programme which would partially offset the British deliveries. The British Ministry of Defence is supporting this plan and is to promote business with Swiss companies.

The Federal aircraft establishment at Emmen would place orders for Swiss production under licence of "Rapier" parts, while British Aerospace would contract some work out directly to Swiss suppliers. At the same time, British Aerospace and the British Ministry of Defence would place additional orders with Swiss industry outside the "Rapier" contract.

Total compensation value could equal about 50 per cent of that of British Aerospace deliveries, 30 per cent to be accounted for by direct participation in the contract and 20 per cent by outside offset orders. The latter would include Swiss metals, machinery, apparatus, instruments and watches, as well as civil-engineering services.

Iran establishes import centres

BY OUR FOREIGN STAFF

IRAN IS pushing ahead with the establishment this week of import centres for clothing and wood and paper as part of the move to nationalise foreign trade.

An import centre for steel has already been established and a $7.5m contract signed with Sweden. Japanese companies in Iran, who supplied 650,000 tons of steel last year, now say that they have ceased exports because of sanctions. This has contributed to the current steel shortage in Iran which has led to high prices on the free market.

The Government plans to nationalise all Iran's foreign trade, beginning with key sectors such as wood and paper where there is a severe shortage.

Answering criticism over failure to act earlier Mr. Reza Sadr, the Commerce Minister, said the delay was due to a lack of qualified personnel and the danger that precipitate action would lead to a collapse of the existing domestic market.

Traditional merchants in the bazaar have bitterly attacked the takeover but the scheme still falls a long way short of complete trade nationalisation. It only covers importing and a small part of the distribution network.

The Government's aim is to reduce the role of the middleman in importing and control prices. The authorities also hope that state officials will be able to gain experience in importing, opening the way for a greater measure of state control in future. Imports now account for 70 per cent of all goods in circulation in Iran.

UK exports to Holland rise 41%

BY CHARLES BATCHELOR IN AMSTERDAM

BRITAIN achieved a comfortable surplus on its visible trade with the Netherlands in the first half of 1980 compared with a large deficit in the same period of last year. It ran large surpluses particularly in the dairy produce, chemicals and oil and oil product sectors.

British exports rose 41 per cent in the first six months of the year to £1.93bn fob while Dutch exports were only 6 per cent higher at £1.78bn cif, according to trade figures released by the British Embassy in the Hague. British trade showed a surplus of £145.4m compared with a deficit of £321.2m last year.

The second quarter saw a strengthening of the trend which developed in the first three months, when Britain recorded a small surplus of £2.5m compared with a deficit of £147.2m in the first 1979 quarter.

Britain exported £78.8m worth of dairy produce and eggs to the Netherlands, more than twice as much as Dutch exports of £28.5m.

Taking the foodstuffs sector as a whole, excluding dairy products, the Netherlands continued to sell substantially more to Britain. Dutch first-half exports were £274.6m compared with British exports of £122.2m.

Britain is regularly in surplus in the chemical and oil sectors, a reversal of the position of a year or so ago. Chemical exports were £340.2m while Dutch exports were £286m. British oil and oil product exports were £566.6m compared with imports of £407.6m.

Anglo-Spanish trade expands

BY ROBERT GRAHAM IN MADRID

SPANISH EXPORTS to the UK rose 31 per cent in the first six months of the year to £487m. At the same time, sales of British goods to Spain increased 27 per cent to £409m, according to Department of Trade and Industry statistics released here.

This sharp increase underlines the rapid expansion of trade between the two countries, especially in the past three years. The principal growth has come from exports of Spanish goods to the UK.

In the early 1970s trade was closely balanced, but last year there was a £140m surplus in Spain's favour, and on present indications this could rise to over £150m by the end of the year.

Indeed, there is only one major area where Britain has a clear balance — in the sale of chemical products. The dynamic growth of Spanish exports has been largely stimulated by slack domestic demand, and frequently goods are sold at cost.

The largest category of goods exported by Spain to the UK is transport equipment and machinery. In the latest half-year these sales were up 52 per cent, to £143m on the same period in 1979. This is in part accounted for by the sale of Ford Fiestas.

On the UK side, the main category continues to be machinery and transport equipment, including parts and components for the expanding Spanish motor industry.

Foreigners to set up Irish plants

By Stewart Dalby in Dublin

AT WHAT is psychologically a good moment, Mr. Desmond O'Malley, Ireland's Minister for Industry, Commerce and Tourism, has announced that five overseas companies are to set up manufacturing plants in Cork and Kerry which could produce almost 1,000 jobs.

In conjunction with Ireland's Industrial Development Authority (IDA) the companies should start their projects in the next few months.

Apple Computers of California is to manufacture personal computers and could employ 724 people. Schaeff of West Germany plans to create 110 jobs in Killarney, the first Irish factory to manufacture excavators and shovel loaders.

Poret, of France, plans to employ 90 people and manufacture a range of document protection covers. A small new industry, Nola-Tech is to set up an electronics sub-assembly plant at Dromleague in Cork. This could provide 25 new jobs.

The Minister's announcement has been made at a time when there is growing concern over rising unemployment in Ireland. Most recent statistics show that more than 100,000 people are unemployed—nearly 10 per cent. In late 1978 the Government managed to push the jobless total down to 8 per cent.

The IDA is the main agency for attracting overseas companies into Ireland. It offers a generous package of incentives, including grants of assistance. There is the added attraction that companies entering before next January do not have to pay tax on exports. From 1981 there will be a standard rate of 10 per cent corporation tax.

The IDA is not so much concerned with the actual amount of foreign investment entering the country (although this is always welcome to help out the balance of payments) but with the number of jobs created.

In the boom years of 1978 and 1979, the IDA managed to promote 30,000 new jobs. This is extremely high considering the total workforce in Ireland is just 1.1m.

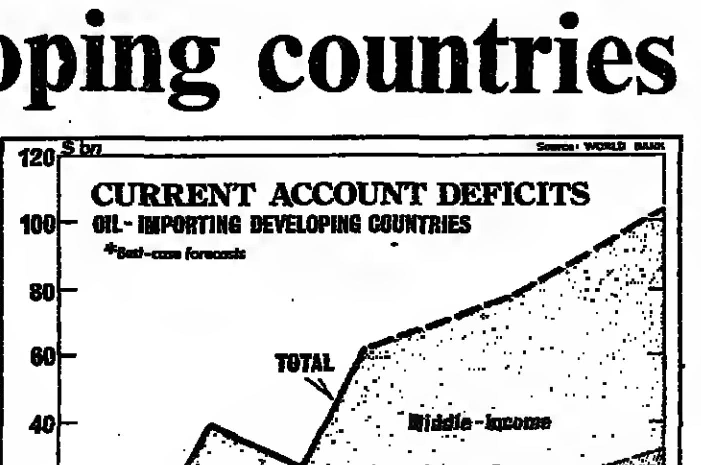
Meanwhile, Tungsram, the Hungarian electrical manufacturer, has independently announced it is to build a light bulbs and fitting factory in County Cork in a £4.4m joint venture with its UK agents, J. J. Bustin.

This will be the first East European investment in Ireland. Production should start next August and, eventually, 160 new jobs will be created.

Canute James, in Kingston and **David Tonge** in London, report on next week's United Nations special economic session in New York

Developing countries prepare to vent discontent with IMF

SLOWLY SPREADING discontent in many developing countries with the International Monetary Fund and the international monetary system in general will come to the fore next week, when the United Nations special session on economic issues convenes in New York.



Third World delegates are expected to advocate replacing the Fund with another monetary authority, or *reforming* it to meet what the poorer countries see as their particular problems.

For the past five years Third World countries have been asking for a "new international economic order." One aspect of this would be ensuring for them what they regard as fair and stabilised prices for their exports, with these prices indexed to keep pace with the prices of the goods they import.

A second aspect is reform of the system of international finance. In this area, the problems of dealing with long-term payments imbalances and recycling the capital surpluses of members of the Organisation of Petroleum Exporting Countries to the developing world has brought the International Monetary Fund into the limelight.

Most Western governments believe the Fund's role should be enhanced, but many Third World countries agree with Mr. Rimmer de Vries, senior vice-president of Morgan Guaranty Trust: "Now the time may have come to reform the IMF itself."

In many developing countries, the maladies are similar—increased payments for imported energy, and static or marginally higher prices for their own exports. The results have been current-account deficits and a growing inability to import such basics as food and medicine, as well as raw material for small, labour-intensive industries.

The fund's prescriptions should ideally be the answer to these problems: tight control of foreign expenditure and management of internal demand leading to austerity in fiscal management, supported by other mechanisms like devaluations.

It is the apparent failure of the Fund's policies to solve the economic problems of many Third World countries which will provide delegates with the basis of their arguments for reform. Developing countries will argue that many economies, debt-ridden, lacking foreign exchange and declining rather than growing, are too weak to withstand the pressures of the Fund's economic policies.

The case of Jamaica is likely to be cited. A three-year facility of $75m was suspended by the Fund in December, 1977, when the island's economy failed to meet the domestic assets criteria set by the Fund. A renegotiated $400m three-year facility ran into trouble in December last year, when the island's foreign exchange debts just under $500m exceeded by about $11m the limit the Fund had set.

The island's Government has defended itself against charges of financial mismanagement by saying the Fund's conditions could not be met, at least in the short time it was given. The extent to which the Government and the Fund disagreed was dramatically underlined in March when the Fund's suggestions for more budget cutbacks totalling J$50m (£11.8m) were rejected. The Government said 11,000 Government workers would have to be fired, which it claimed would cause social and economic chaos.

While the Fund says Jamaica had been lent generous sums, those advocating changes in the Fund have said the unsuitability of its approach to Third World problems is reflected in the Jamaican economy.

Unemployment has gone up from 25 per cent to 31.5 per cent, the external debt has moved from $309m in 1973 to $1.3bn today, the debt servicing burden this year is $354m, 54 per cent of foreign earnings, and the economy has declined by 16 per cent in the past seven years.

Representatives of some Third World countries are already speaking of indications of changes in the Fund's attitude to the poorer nations, and of suggestions that it may accept that standard and inflexible formulae for economic recovery which might work in stronger West European economies cannot be applied wholesale to less-developed countries.

They point, for example, to recent agreements between the Fund and Guyana and Tanzania, after the latter made fundamental objections to the Fund's conditions. Although the details of both agreements have been sketchy, representatives of other Third World governments say the Fund has asked less austerity of these two countries than it did of Jamaica.

In Guyana's case, the Fund is not only working closely with its sister organisation, the World Bank, but is also aiming to keep the country growing by putting new emphasis on "the supply side" of the economy—that is on stimulating production and investment.

FLOW OF FUNDS FROM IMF TO OIL IMPORTING DEVELOPING COUNTRIES
(In millions of Special Drawing Rights)

	1978	1979	Jan.-June 1980
Total flow	2,000.5	3,766.9	3,861*
Of which: Drawings of IMF facilities	1,029.2	1,390.4	1,500
Allocations of SDRs	—	1,510.1	1,440*
Soft loans from Trust Fund	688.1	526.6	580
Total repayments to IMF	1,730.0	1,236.4	800
Net flow to oil-importing developing countries	270.5	2,530.5	3,061*

* IMF estimates.
1 SDR equals $1.31.

Source: IMF

It has also greatly expanded its lending. It no longer restricts loans to about four times a country's quota with the Fund, and has made some major advances this year from the Supplementary Financing Facility, the so-called Witteveen Fund, which helps countries with serious payments imbalances.

These changes have not, however, appeased many Third World countries which regard them as inadequate and, in some cases, cosmetic. At a recent conference in Arusha, Tanzania, Third World countries called for a special United Nations conference on international money and finance.

There is general agreement that no single currency should have the privileged position the dollar has had in the past 35 years. But there is no consensus about whether the future basis for an international monetary system should be a basket of currencies, or a basket of commodities. There has even been a suggestion that there should be a return to the gold standard — though many advocates of change oppose this, not least because of the advantages it would give the Soviet Union and South Africa.

A second area of disaffection likely to surface in New York is over control of the Fund. The Arusha conference, for instance, saw Third World delegates calling for a more "democratically controlled" monetary authority, with the industrialised countries in general and the United States in particular losing the dominant positions they have in the Fund.

But even among Third World countries, there is no consensus as to the precise form, nature and role of this new monetary authority.

The industrialised countries are likely to respond to the Third World's request for monetary reform by suggesting that this should be discussed within the Fund and nowhere else.

This is hardly likely to appease the Third World, and as one African Finance Minister said: "The industrialised countries already know how we feel and suffer. What we would like now is for them to admit that the system is unfair to us and to start to do something about it." The alternative, the argument runs, is that Third World economics could become even more harassed.

The African Minister says: "What we are asking for is not just for the benefit of the children and grandchildren of the developed world. Ours is not a plea to lower the standards of living in Europe or North America. It is a request that we now make the first moves to improve the quality of life of the poorest people of the world."

New post for former NEB executive

By John Elliott, Industrial Editor

MR. RICHARD MORRIS, who resigned from the deputy chairmanship of the National Enterprise Board during a row with the Government last November, has been appointed chairman and chief executive of Brown and Root UK, the American-owned engineering concern.

He has also become a part-time industrial adviser to Barclays Bank, and retains a non-executive directorship of British Nuclear Fuels.

This means that the two full-time Board members of the NEB, who suddenly lost their jobs when the Board resigned last November over the Government's handling of Rolls-Royce, have re-established themselves in the business world.

Sir Leslie Murphy, the 64-year-old former chairman, has been appointed a non-executive

Mr. Richard Morris

director of both Schroders merchant bank and Simon Engineering. He has also become part-time chairman of Petroleum Economics, a firm of oil industry consultants.

Mr. Morris, 54, joined the NEB as full-time deputy chairman in February, 1978 after 27 years with Courtaulds, where he was group technical director.

But he did not return to the company when he left the NEB, where his jobs had included chairmanship of INMOS, the controversial microchip venture.

Mr. Morris joined Brown and Root as deputy chairman in April. His appointment as chairman and managing director in succession to Mr. Bill Stallworth was announced yesterday. His responsibilities cover the company's European and African interests. It is understood his salary is slightly in excess of the amount he earned at the NEB.

Lloyds boost for home loans

BY TIM DICKSON

LLOYDS BANK is to reduce its minimum mortgage loan from £15,000 to £10,000 on September 1.

In the most direct attack on traditional building society territory by a clearing bank, Lloyds said yesterday it would also lower its minimum house valuation figure from £20,000 to £15,000 and offer a cheaper rate of interest on loans between £10,000 and £20,000. This will be 2½ per cent over base rate (a current rate of 18½ per cent), compared with 3 per cent over base for larger advances.

The Lloyds announcement follows a separate move in a similar direction earlier this month by Williams and Glyn's Bank, a member of the Royal Bank of Scotland Group. Williams and Glyn's says it will provide loans of as little as £2,000 up to £15,000 for council house tenants wishing to buy their own properties.

Although Lloyds was the first bank to move formally into house mortgages, the clearers now have a toehold in this market.

Until yesterday, the banks were largely identified with financing higher priced houses. The minimum loan at Barclays is still £15,000 while Midland and National Westminster are unlikely to accept applications for less than £20,000.

"The new lower figures are intended to appeal to younger and first-time house buyers," Mr. Fred Crawley, deputy chief general manager of Lloyds Bank said. "We want to expand our services to home-makers and believe that the lower interest rates and our readiness to innovate will be welcomed."

Mr. Norman Griggs, the Building Societies Association secretary general, was unperturbed by the news. "I would not have thought that an interest rate of 18½ per cent was particularly competitive.

"Furthermore, the supply of and demand for mortgages seems to be nearly in balance so people should be able to get what they want at a cheaper price from the building societies," he said.

"We are probably more worried by the banks' recent efforts to attract depositors through new savings schemes."

Lloyds has lent about £37m to 1,250 housebuyers at an average of £32,000 a time since introducing mortgages at the beginning of last year. The bank has now committed a total of £58m for this purpose.

Loans are normally considered for up to 80 per cent of a professional valuation and up to 2½ times the borrower's annual income. Repayment can be made either on a straight repayment or through an endowment policy with interest calculated on day-to-day basis.

● Williams and Glyn's yesterday became the latest clearing bank to join in the battle for savings with two schemes to be launched this autumn.

The first, called the High Yield Deposit Scheme, will offer depositors prepared to lock away sums between £5,000 and £25,000 for three months a rate of interest ¾ per cent above the Bank's normal seven-day deposit rate.

The second, entitled Term Deposit Accounts, will give savers with £5,000 or more an interest rate which reflects the longer than normal term and the higher amounts involved.

BSC 'coke mountain' undercutting Coal Board

By Maurice Samuelson

THE British Steel Corporation is selling some of its large stock of surplus coke at prices below those of the National Coal Board.

In South Wales this week two train-loads of coke left Port Talbot steelworks for the Avonmouth smelting-works of RTZ, which normally receives its coke from the Coal Board's Nantgarw plant near Cardiff.

The Coal Board and miners' leaders are concerned about the BSC's sales attempts. The board says that the surplus, accumulated in the steel strike, should be sold abroad.

Mr. Emlyn Williams, South Wales president of the National Union of Mineworkers, said yesterday it was "disgraceful" that one nationalised industry should undermine another. Rail unions would be asked to intervene.

BSC said that after the strike and production cuts the corporation had no alternative to disposal. At Port Talbot the "coke mountain" is believed to be of about 500,000 tonnes, worth about £30m.

The corporation refused to comment on reports that it was undercutting the NCB's coke price by as much as £14 a tonne. The Coal Board, however, thought that this figure was exaggerated.

The two train-loads of coke for the RTZ smelter were the first part of a month's trial order.

A contract by BSC to take coke from the Coal Board's Nantgarw coke plant still has 18 months to run. This represents about a third of the works' reduced output. Its loss could cause closure of a pit employing 700 men.

Limit Portuguese, urges wool group

BY RHYS DAVID

A PROLONGED transitional period before Portugal is allowed tariff free access to the UK for its textile and clothing exports, following its entry into the EEC, is urged by the Wool Textile Action Committee.

A period of five years at least, and possibly 10, is suggested.

The committee, which represents industry trade unions and local authorities in West Yorkshire, claims that Portugal with its rapidly expanding textile and clothing industry, is a major threat to the UK.

Britain already imports more than half Portugal's total clothing and textile exports to the EEC. Manufacturers in Yorkshire are particularly worried about the growth in Portuguese exports of suits and trousers—products which directly affect demand from the wool textile industry's customers.

Trouser imports from Portugal rose from 1m in 1977 to 2.1m last year, capturing 19 per cent of the market. Suit imports were up from 32,000 in 1977 to 245,000 last year.

In textiles and clothing, Portugal has become Britain's second biggest low-cost supplier, in spite of the existence of informal agreements limiting exports, and she enjoys a substantial surplus in her favour. Total Portuguese exports to Britain were £118m last year, while British exports to Portugal were £18m.

Exports from Britain face high tariff barriers to enter the Portuguese market and these are unlikely to be fully dismantled for some time after Portugal joins the EEC.

An attack on the barriers which the UK textile industry faces around the world, was made yesterday by Mr. Ian MacArthur, director of the British Textile Confederation, at a meeting in Roxburghshire.

Brazil, he said, had tariffs up to 205 per cent and those in South Korea reached 80 per cent. "There are high barriers in the developed world also; the tariff on sweaters in the U.S., for example, ranges from more than double to four times the tariff applied by us as a member of the EEC."

Grade-RCA Records merger plan dropped

BY REG VAUGHAN

PLANS to merge Lord Grade's Associated Communications Corporation's loss-making Pye records division with RCA Records, UK to form a new home entertainment venture has fallen through.

However, Associated Communications is to go ahead in this area, and plans to expand swiftly in the video field.

In a joint statement yesterday RCA, part of the large U.S. electrical products group, and Precision Records and Tapes, a subsidiary of Lord Grade's ATV Television and Classic Cinema company, announced that they had "amicably terminated negotiations to form a joint venture in the UK."

The companies, which said they were in talks last May, were "unable to reach a satisfactory conclusion because of the status of agreements with third parties."

Lord Grade said that Precision, which showed a loss of £43,000 in 1978-79, had a lot of distribution and manufacturing agreements with major record companies which were conditional on no change of ownership.

It was planned that the new company, to be owned 51 per cent by RCA and 49 per cent by Associated Communications, would manufacture, distribute and promote audio and video records and tapes in Britain. Associated Communications was to have made available to the venture its catalogues of feature films.

Report on Lloyd's slanted, says broker

BY JOHN MOORE

PARTS OF a major report into self-regulation in the Lloyd's market are "slanted too much in favour of the larger broking battalions," says a senior Lloyd's insurance broker.

Mr. Nigel Kemble-Clarkson, managing director of Gault Armstrong and Kemble, one of the brokers involved in planning a possible strike insurance scheme for CBI members, made his criticisms public in the Insurance trade journal Post Magazine, published yesterday.

He claims substantial support for his argument. It is suggested that 20 to 30 Lloyd's brokers share his criticisms.

Sir Henry Fisher and a working party recommended the creation of a 25-strong council, with wider statutory, regulatory and disciplinary powers than the existing 16-man ruling committee of Lloyd's.

Mr. Kemble-Clarkson says it is important that "the brokers' representatives on the council should, by some form of classification, be elected under categories which would ensure that the smaller and/or new brokers would have voting presence.

"Otherwise, by numerical voting power alone, representation in favour of the larger organisations would be inevitable."

He criticises the Fisher report's proposal that brokers should only be admitted to Lloyd's if "an ultimate guarantee is given by the ultimate holding company."

300 Meriden jobs lost

BY MAURICE SAMUELSON

THE MERIDEN motorcycle co-operative will make 300 of its 480 workers redundant because of falling orders, particularly in the U.S., for its Triumph Bonneville machines.

The redundancies, effective next week, follow withdrawal of a takeover bid by Armstrong Equipment because of the Government's refusal to waive Meriden's £12m debts.

There is still no sign that the Government intends to liquidate the co-operative. The new staffing level is similar to that at which Armstrong had proposed to run the plant.

● Nearly 200 workers will become redundant today at the engineering company of Richard Garrett, Leiston, Suffolk. Receivers were called in to save the 200-year-old company three weeks ago. Redundancies this year have already totalled 130.

● More than 100 building contract workers at the Hartlepool chemical plant BTP Tioxide lose their jobs next week.

● Harrison and Mayer, of Stoke-on-Trent, is to make 40 of its 700 workers redundant today.

Crude oil prices 'rose by up to 200% in 18 months'

BY SUE CAMERON

CRUDE OIL prices rose by between 150 per cent and 200 per cent from the end of 1978 to the middle of this year, according to a Shell briefing paper released yesterday.

The paper, entitled The Changing World of Oil Supply, says pressure on crude supplies has been maintained in spite of a substantial increase in crude production by members of the Organisation of Petroleum Exporting Countries.

"Because of the underlying uncertainties, there have been and there still remain strong pressures for buyers—whether international oil companies, governments, traders or refiners—to purchase any oil that is available. This has maintained pressure on crude supply and has enabled the oil producers to increase their prices almost at will."

The paper says that as a result, the oil producing countries can make as much money as before the Iranian revolution—but on a reduced proportion of their earlier oil production.

In spite of last year's oil crisis, OPEC production increased by an average of more than 1m barrels a day compared with 1978.

Stockbroker cleared of misconduct

BY STEWART DALBY IN DUBLIN

BUTLER and Briscoe, a principal Government stockbroker, has been cleared of misconduct by a Stock Exchange committee.

The committee was set up to investigate allegations by Mr. James Cummins, a former employee of the broker, that the company had been acting illegally.

Cummins, who now lives in Australia, made complaints against the company in a letter. Further letters have been exchanged with the Dublin newspaper, the Sunday World.

The company which also acts as a private stockbroker has sought to prevent publication of an article based on information from Mr. Cummins about investigation of Butler and Briscoe by the Stock Exchange. The paper has agreed to produce the article in court today.

The Stock Exchange committee said that after a comprehensive review of the evidence gained from interviews and documents, it could not find any basis for taking disciplinary action against the company or any of the partners.

Mr. Cummins was an authorised clerk with Butler and Briscoe between 1971 and 1978. The allegations were made in April 1979. Mr. Cummins left the company in 1979 and joined Riada, a new stockbroking firm in Dublin.

Inland Revenue reviews direct tax impact on OECD incomes

BY TIM DICKSON

TAXPAYERS in the Netherlands and Sweden shoulder a bigger tax burden than taxpayers in other major countries. UK taxpayers are on about par with those in Germany but those in Japan, Italy and France, in particular, escape more lightly.

These are among conclusions in a new Inland Revenue review of the impact of direct tax on employment incomes in eight OECD countries.

The review takes into account social security contributions, which are, in effect, a direct earnings-related tax in a different guise. But it ignores indirect and company taxes and is therefore not a complete guide to relative rates of international taxation.

As bases of comparison the Inland Revenue has used national incomes in sterling translated directly into foreign currencies; the more helpful multiples of wages earned by the Average Production Worker; and finally, an amount translated into the equivalent purchasing power. (The last two are shown in the table.)

The UK average production worker's wage used in the Revenue's calculations is £5,800 compared (in sterling terms) with £4,990 in Italy at the lower end of the scale and £8,320 in West Germany at the higher end.

The snags in making these comparisons are the different positions of the average production worker in national income distributions and the probable distortions of the multiples—people on the same multiples, for instance, are unlikely to share the same characteristics of the average production worker.

None the less, this is certainly a more useful approach than the simple translation of sterling amounts.

As the table shows, the average production worker in the UK, who is married and without children, pays an effective rate of tax of 26 per cent. This compares favourably with the Netherlands, Sweden and Germany, though an average production worker in the U.S., Japan, Italy, Germany and France is left with proportionately more after tax income.

Someone earning four times an average production worker's pay in the UK will also be better off than the equivalent American.

The length of the basic-rate band accounts for the fact that at 1½ to 2 times average earnings the UK does not come off badly in international comparisons. At two times average production workers wage, the UK marginal rate of tax and social security contributions for a married person without children is lower than any other country except France.

Married Frenchmen, meanwhile, may be treated generously but those unattached do not fare quite so well. Their effective rates of tax are still lower than in most other countries but not by so much, while someone who is not the marrying kind would actually be best off in Japan.

One of the most interesting bases for comparison is the conversion of foreign currencies at a rate which reflects differences in purchasing power.

There is no internationally comparable equivalent of the Retail Price Index, but for this purpose the Inland Revenue has used an EEC index of consumer purchasing power parities—the ratio of the cost of approximately the same basket of goods and services between one country and another.

Effective rates of income tax and social security contributions (married man without children)

Multiples of APW* Earnings	France	Germny	Italy	Japan	Nethlds	Sweden	U.S.	UK
1	15	28	20	17	34	33	19	26
2	18	28	28	23	39	53	28	29
4	25	38	34	34	51	69	41	37
2 (marginal)	29	39	38	34	50	80	41	38
Purchasing power equivalents £6,000	15	26	20	n.a.	31	n.a.	n.a.	26
£6,000 (marginal)	19	34	31	n.a.	46	n.a.	n.a.	37

*Average Production Worker. n.a.=not available.

Imports of appliances soar

IMPORTS OF domestic appliances have risen by a third in the first six months of this year while deliveries by UK manufacturers fell by 19 per cent.

Figures, shortly to be published by the Association of Manufacturers of Domestic Electrical Appliances (AMDEA), will show that imports have made considerable inroads into the UK market this year. In the first six months imports, measured by the number of units, rose to 47.6 per cent compared with 35.7 per cent in the same period last year.

In value terms imports rose from £98m to £118m while UK producers' sales fall from £276m to £253m.

The increase in sales of small domestic appliances has offset a fall in sales of more expensive items like washing machines, tumble driers, fridges and freezers, so that the total number of units sold has fallen by less than 1 per cent.

AMDEA is particularly concerned that East European manufacturers are dumping in the UK in order to get hard currencies. Last Friday AMDEA, on behalf of the UK and other European countries, sent evidence to the European Commission that East European vacuum cleaners were being sold in Europe at below cost. It is likely to follow this with further evidence on refrigerators and irons.

Although June saw higher exports of white goods from UK manufacturers and a very sharp fall in imports of white goods, the total figures for domestic appliances was the worst yet.

The number of units delivered by UK manufacturers was 22 per cent down while imports were 70 per cent higher compared with the same month last year. Imports accounted for 52 per cent of units delivered.

An estimate of the value of UK manufacturers' goods delivered in June shows sales tumbling to £38.2m from £51.8m last year. But the imports of white goods fell by between 25 and 40 per cent in June. Fridge-freezers and washing machines were hardest hit.

According to AMDEA, some of the decline in UK manufacturers' figures compared with last year may be accounted for by last year's pre-Budget spending boom.

Jason Crisp examines the East European sales offensive

Torrent threatens home producers

SHORT TIME working and redundancies have become the norm for Britain's manufacturers of domestic appliances. Prospects for the whole goods industry have seldom looked blacker and there is overcapacity throughout Europe.

But manufacturers of small domestic appliances like vacuum cleaners, irons and hair driers have the most to fear as the once small trickle of imports from Eastern Europe threatens to become a torrent.

Mr. Chaim Schreiber, chairman of GEC-Schreiber, accuses the East Europeans of dumping. "It is just impossible to compete with their small appliances: we can't even buy the *raw materials at the price* they are exporting their finished products."

Complaint

The Association of Manufacturers of Domestic Appliances (AMDEA) with the Department of Trade's support, last week filed a complaint to the European Commission on dumping of vacuum cleaners by East European countries. And early next month it is likely to be submitting similar evidence on refrigerators, also from East Europe.

Even the Italian manufacturers, like Indesit and Zanussi —often themselves on the receiving end of complaints about dumping—are concerned about East European pricing. The dumping complaint by AMDEA is also on behalf of other EEC countries.

Last year Eastern Europe took 5.2 per cent of the EEC vacuum cleaner market. Most worrying for EEC manufacturers is the rapid rate at which penetration is increasing. The complaint on vacuum cleaner prices shows East European models between £12 and £21 below their EEC equivalent.

One East German machine with an ex-factory price of £15.30 would cost £27 to make in the UK, allowing for a small profit, according to AMDEA research.

The import of cheap irons is also of concern to European manufacturers, as are toasters, food mixers and hair driers which are increasingly imported from the Communist bloc.

The total market for domestic appliances measured in units sold has stayed remarkably buoyant this year with deliveries in the first six months less than 1 per cent below the same period last year.

But the bad news for British manufacturers is that their deliveries have fallen by 19 per cent to 5.9m units while imports are up by a third in the year to 5.4m units in the year to the end of June. In June itself more domestic appliances were imported than were delivered by UK manufacturers.

There is also evidence of a squeeze on margins. At constant prices, sales in the first six months by UK manufacturers are down by about 25 per cent on last year.

The figure for the number of units of domestic appliances delivered in the UK disguises some structural changes in the market as the statistics cover a wide range of goods from automatic washing machines and dishwashers down to toasters and hair dryers. Sales of small appliances have held up while sales of white goods—refrigerators, freezers, washing machines and tumble driers—have been very slack.

The recession has been one of the main causes of the fall in sales of white goods. A high proportion of households have refrigerators and washing machines, so when times are hard many people defer buying a new machine unless their appliance breaks down.

The poor summer weather has contributed to the sluggish sales of refrigerators and freezers. The slow turnover in house sales has also acted as a brake, since the purchase of a new home is often used as an opportunity to re-equip.

The manufacturers are also suffering from a reduction of stocks by retailers because of high interest rates. Mr. Ralph Cohen, managing director of Philips Major Appliances, who remains remarkably optimistic about prospects for this year, says distribution costs are rising per unit because retailers are placing smaller orders more often.

Hoover also believes that the Italians are dumping in the UK. However, Indesit, Italy's second largest domestic appliance company and usually the cheapest, strongly denies such allegations. Indesit is itself experiencing difficult trading.

The Italian banks refused further credit to Indesit in June and the company has cut production almost completely while it negotiates with the Italian Government for loan guarantees.

Indesit maintained full production until June as a result of union pressure. It has had particular problems with its small appliances and television sets which cannot compete with Far Eastern products.

Mr. Giancarlo Montali, Indesit's general manager in the UK, said he would be out of stock by the end of September. However, the company was optimistic that it would soon come to an agreement with the Italian Government and deliveries would reach the UK by mid-October or November at the latest.

Improved sales

But not all is gloom. A number of manufacturers in the UK are talking of improved sales in the second half of the year. Also, the figures for June alone from AMDEA show a sharp fall in the import of white goods: fridges down 26 per cent, fridge-freezers down 40.5 per cent, automatic washing machines down 37 per cent and tumble driers down 25 per cent.

And on the other hand there was an increase in exports in June in freezers, cookers and spin-driers, albeit from a fairly small base.

Whether June was a freak month or marked the beginning of a new trend is not yet clear.

BA faces 45% rise in fuel bill this year

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS expects its fuel bill for this year to amount to about £600m, or about 45 per cent more than the £413m bill for 1979-80, and 150 per cent more than the £240m in 1978-79.

Captain J. W. Jessop, flight operations director, asks flight deck staff in the latest Flight Crew Newsletter to "operate in the most economic way," and help reduce the fuel burden on BA.

He says this year's fuel bill will represent more than 30 per cent of the airline's total budget, "therefore a minimal percentage reduction in current fuel burn can produce significant financial advantage."

Further measures to achieve fuel economy are under study, Captain Jessop says. These include more use of electronic fuel management systems, and more use of flight management systems worldwide.

"Our survival in the 1980s will depend on many things, not the least being a strict adherence to a sound fuel operational policy," he says.

BA is also making good progress in its discussions with other European airlines on the abolition of first-class seats within Europe, and the substitution of club and tourist-class seats.

April 1, 1981 is still the target for abolishing first-class seating on all its European routes, though this depends whether the plan is accepted by the Continental airlines on each route.

At the same time, in order to deploy its aircraft more flexibly in Europe, BA is planning to standardise seating to a common 32-inch pitch (the distance between seats) in both club and tourist class.

This will compare with the normal economy-class seat pitch of 31 in., which is already cut to 29 in. on Trident One jets. First-class seating has 34 in. pitch.

Captain Dick Twomey, general manager for UK and Irish routes, who is also in charge of the European programme, says the 32 in. pitch represents a better standard than present economy in most current aircraft types.

"In almost every case we shall be offering a lot more leg-room than our independent competitors," he says.

£20m contract for anti-tank missile system

THE DYNAMICS GROUP of British Aerospace has been awarded a £20m production contract by the Defence Ministry for the U.S. TOW anti-tank weapons system on British Army Lynx helicopters, writes Michael Donne.

The missiles will come from Hughes Aircraft Company of the U.S. British Aerospace will provide much of the equipment aboard the Lynx which is built by Westland Helicopters.

The contract follows a £23m development contract awarded some time ago to British Aerospace to adapt the TOW antitank missile for use on Lynx helicopters.

Westland will supply the weapon-launcher mountings, and install the equipment, while British Aerospace's work will include a new sighting system for the missile.

The TOW anti-tank missile was developed by Hughes for the U.S. Army, and has been ordered by the air and ground forces of 30 other countries.

Electronics venture for Scotland

By Ray Perman, Scottish Correspondent

TWO PRIVATE investment institutions have joined with the Scottish Development Agency in putting up £1m to back a new electronics company, Future Technology Systems.

It will manufacture computer and office automation systems in a factory at Beith, Ayrshire, an area hard hit by the closure of the Glengarnock steelworks.

Production research and development work have started. The company is recruiting professional staff and engineers.

It hopes to build up from an initial workforce of 20 people to 140 in five years.

The development agency put up £400,000 in equity and loans, and the two private organisations, Scottish Northern Investment Trust and Castle Finance, a subsidiary of Norwich Union Life Insurance Society, each £250,000.

Other capital was provided by the three directors and by BSC (Industry), the job-creation subsidiary of the steel corporation, which paid for some of the plant and machinery.

Mr. Peter McHugh, managing director, said that by innovative company had designed computing systems suitable for large or small businesses.

Clearances of Scotch down 72%

BY GARETH GRIFFITHS

SCOTCH WHISKY clearances for the home market in May fell by 72 per cent compared with the same month last year to reach the lowest level since 1965.

The Scotch Whisky Association said yesterday that home releases in May were 13,241 hectolitres (a hectolitre is 100 litres) compared with a May 1979 figure of 44,206 hectolitres. These figures are equivalent to 470,000 proof gall. for May 1980 compared with 1.7m gall. for May 1979.

Whisky "clearances" refers to whisky on which duty has been paid when it is released from bonded warehouses. Clearance figures are the only guide to the state of demand. The pattern of release figures since spring suggests little sign of a pick-up in the home market.

May's figure exaggerates the fall in demand for whisky because of abnormally high 1979 comparisons. Last year saw a great many withdrawals before the two Budgets. Home clearances were the highest this century.

As a result much whisky is still being held by retailers who consequently have scaled down their orders from the whisky companies.

The industry had expected a poor figure for May but is more concerned with the 44 per cent drop on the May 1978 figure. It thought that 1978 would give a more realistic comparison base.

Total releases for the home market up to May this year were 197,742 hectolitres, against last year's 213,000. However, the trend is strongly downward because home releases were buoyant until spring. These pre-budget figures have distorted the overall picture.

Release figures are influenced by stock levels and financial considerations as much as by the amount of whisky sold.

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Demand grows for small-screen TVs

BY JASON CRISP

THE SMALL-SCREEN colour television is becoming increasingly popular at the expense of the larger sets. In the second quarter this year UK manufacturers increased their share of this market, dominated by the Japanese, by 5 per cent to 29 per cent.

Figures from the British Radio and Electronic Manufacturers' Association show that while deliveries for large sets in the first six months is running lower than last year, the demand for small sets is up by nearly 28 per cent.

Deliveries of small black and white sets are also up sharply, against all predictions. In the first half of the year deliveries were up by 16.5 per cent. Black and white imports in the second quarter more than doubled from 100,000 sets to 225,000, while the number produced in the UK fell sharply from 160,000 to 100,000.

The growth in sales of small black and white sets is attributed to homes buying them as second sets for the bedroom, the children or for use in caravans.

The video recorder is also showing strong growth, with deliveries in the second quarter running at more than double the same period last year. In the first six months this year 130,000 video recorders were delivered, compared with 150,000 for all last year. The second half of the year is always much stronger.

There was a distinct slump in deliveries of music centres, especially of those made in the UK.

BP's 10% offer said to be inspired by CBI guideline

BY NICK GARNETT, LABOUR STAFF

UNION negotiators accused BP yesterday of distorting its wage negotiations under the influence of CBI "guidelines" and Government exhortations by offering a rise of 10 per cent to its refinery workers at Grangemouth in Scotland.

In the first negotiations of the oil companies' new pay round BP Oil indicated to Transport and General Workers' Union negotiators that it would not be prepared to move much beyond this percentage, which would be applied to basic rates and allowances.

The company said it was ready to re-examine the deal in March, and that any further rises which might accrue from this could be backdated to the September 1 settlement date.

Though the company has made no guarantee of extra payments, the offer to re-examine the deal has led union negotiators to believe that any apparent support by BP of CBI pay attitudes might be more cosmetic than real.

Grangemouth shop stewards have rejected the offer and asked Mr. John Miller, the union's national secretary for the oil industry, to enter talks with the company.

Mr. Neil Boner, senior Transport and General shop steward, said that unless the company made a very substantial improvement on its offer within the next two or three weeks, his members realised that they might have to institute industrial action. The union is seeking rises of more than 20 per cent.

"We feel that we are being dictated to by the CBI," Mr. Boner said. "We are not having CBI guidelines shoved down our throats."

Oil company managements have said privately that they might make initial offers in line with CBI attitudes, but in the end would negotiate on what they believed best for their own companies.

BP Oil is understood to have told union negotiators yesterday that it had had a deficit in the past six months of more than £40m.

The offer was realistic in light of this position, but the company was prepared to re-examine the deal in six months after reviewing profitability and overall trading performance.

It adds that demand is at its lowest for 13 years. The union says that the claim is based on the very healthy profits of the BP group as a whole.

'Trotskyists' in CPSA blamed

BY CHRISTIAN TYLER, LABOUR EDITOR

A SCATHING attack on the activities of 'Trotskyists' in the Civil and Public Services Association has been made by Mr. Ken Thomas, the union's general secretary. He blames them for the unofficial mass picketing in Brixton this week and last.

In a circular to branches published today he accuses the Socialist Workers' Party and its offshoots of "calculated and callous exploitation of a trade union issue" in an attempt to achieve political martyrdom. They had "bamboozled" money out of the Association's members and branches, trading on natural trade union loyalties, he says.

Mr. Thomas says he has never been a witch-hunter, and that radical groups could have a part to play in preventing complacency.

The "dafter end of the political spectrum" had been tolerated in the CPSA initially with amusement. But in recent years because of our toleration they have increasingly and totally unrepresentatively misused the machinery of this union as a result of which our name has sometimes been a joke in the trade union movement."

Mr. Thomas's outburst, which is bound to draw anger on the Left, closely follows criticism by Mr. Len Murray, TUC general secretary, of Mr. Stuart Holland, the Labour MP for Vauxhall. Mr. Holland apparently without consulting the CPSA, acted as the pickets' spokesman in front of television cameras.

The mass picketing began after two CPSA members at the Brixton unemployment benefit office were dismissed. On Tuesday an appeals board said they should be reinstated, but in other jobs. However, another mass picket was staged the following morning.

Mr. Thomas said the statement to branches was his own initiative. He had not wanted to give the impression that it was a political attack by the union's executive — currently dominated by the Right. Mr. Thomas's own politics are middle of the road.

He condemns the escalation of the Brixton issue, which he says split the union and could have endangered its objectives. This was the work of people whose trade unionism was "suborned by their political aims."

Mr. Thomas goes on to describe the Employment Act—the real target of the demonstration—as "diabolical." But that did not mean the union should have given massive support in a situation it did not control.

BL unions aim for 20% claim

By Lorne Barling

TWO major unions representing BL Cars' hourly-paid workers at local level announced yesterday that they would seek pay increases of 20 per cent in November.

They also expressed support for the shop stewards combine following management's recent warning of disciplinary action aimed at preventing meetings during working hours.

Both unions—the Transport and General Workers and the Amalgamated Union of Engineering Workers said after meeting separately in Birmingham that their members could no longer accept wage increases which did not measure up to the rate of inflation. The last BL pay increase, imposed by the company, ranged between 5 and 10 per cent according to job grading.

The TGWU's senior convenors and shop stewards in the area covering BL car plants voted unanimously to seek a 20 per cent increase applied across the board. The average wage across five grades is now £86.03 a week.

The TGWU represents around 65 per cent of BL Cars' hourly-paid workforce, and the resolution will go forward to the union's executive to be formulated as a claim through the joint negotiating committee.

The meeting also deplored "attacks on the shop stewards combine." This was a rebuff for Mr. Geoff Armstrong, BL's director of employee relations, whose warning this week against "unofficial" meetings in working hours has been interpreted by the combine as an attempt to intimidate its members.

At its district meeting yesterday the AUEW passed no formal resolution on BL pay, but it was widely accepted that an increase of 20 per cent would be sought. There was also support for the activities of the combine.

Journal complaint upheld

BY OUR LABOUR STAFF

A UNION member's complaint that the special pre-election issues of the union's journal and circulars should have been paid for out of the political fund rather than the general fund has been upheld by the Certification Officer.

The Association of Professional, Executive, Clerical and Computer Staff is to be ordered to reimburse its general fund for the cost of distribution.

But the Certification Officer dismissed a complaint by the same member, Mr. B. P. McCarthy, about what he described as a political article in the June issue last year.

The Officer said that the major part of that issue and others were in furtherance of the union's "statutory objects."

A further complaint—that union branches had been advised they could buy Labour Weekly from their general funds—had not contained any allegation that a breach of the political fund rules had occurred, and could not be dealt with under the Trade Union Act of 1913.

Bowater and Firestone workers plan to resist redundancies

BY OUR LABOUR STAFF

BOWATER paper-mill workers in Ellesmere Port, who yesterday received 90-day dismissal notices because of the financial crisis at the mill, plan to launch a joint campaign of resistance to redundancies with workers at the Reed paper works in Kent.

Local union leaders at Bowater yesterday vowed not to conduct any protest which would affect the mill's output but, instead, to maintain production.

The Bowater joint union action committee reacted immediately to yesterday's announcement that 700 jobs at Reed's Aylesburw works may be axed. Only two days before about 1,600 Bowater workers at Ellesmere Port were told the company's newsprint-mill there was to close.

Mr. Denis Saunders, a member of the 10-union Bowater committee, which met almost continuously yesterday to discuss a strategic plan of resistance, said union contacts with the Reed workforce would be made shortly.

"We are now all in the same boat," he said. "We have been competitors but we now have a common interest and must combine our efforts."

Mr. Saunders said the 1,600 workers affected at Bowater planned to write individual letters to MPs "to bring home with as much force as possible the position at Ellesmere Port."

The Reed decision, he said, effectively meant the end of newsprint production in Britain. "It is suicide by the Government to let the industry collapse at the beck and call of foreign competitors."

He said the campaign of resistance to closures in the newsprint industry would be co-ordinated by unions at national level.

"The Bowater mill will not close, and we give this assurance to our customers," he said. "We are not planning a sit-in. We are going to keep the mill going flat out."

Also yesterday a union leader pledged to fight closure of the Firestone tyre factory at Wrexham, North Wales, with the loss of 600 jobs.

The closure was announced on Wednesday to a six-man union delegation who met company representatives at the American-based firm's British headquarters in Brentford. They went to ask the firm to scotch rumours the plant would be axed.

Mr. Tom Ellis, Wrexham's Labour MP, said closure was a "disaster."

'Appalled'

Mr. Jim Morris, North and Mid-Wales divisional officer of the Transport and General Workers' Union to which most of the men belong, said yesterday: "We will fight closure.

"We are appalled by the company's decision. It shows total lack of loyalty and compassion to employees. Only recently they offered to look at ways of making the plant more efficient."

The company blamed the problem on continuing losses arising from over-capacity.

Mr. Morris said: "The closure should prompt the Government to have another look at import controls. They ought to realise that every time a foreign car is imported, five foreign tyres are imported with it."

He said closure, planned for November 18, would push up male unemployment in Wrexham to 18 per cent. "It now seems that the area is facing worse than a crisis."

The factory is 15 miles from Shotton steel works, where more than 6,000 men lost their jobs this year. About 1,200 at the private Brymbo steel works in Wrexham face lay-offs and short-time work because orders have slumped.

"I'm not concerned about keeping old-fashioned industry but when one of the world's most modern tyre factories cannot face competition, we have a crisis on our hands," Mr. Ellis said.

The union delegation was expected to return to Wrexham yesterday, and today is expected to discuss ways to save the factory. A mass meeting was planned for this evening.

Last November Firestone closed its Brentford factory with 2,000 jobs axed. Another 1,000 workers face redundancy after Firestone's decision a few weeks ago to sell its 180 British retail outlets.

Wrexham was the firm's last factory in Britain. It is understood the company intends to market tyres here.

Alfred Herbert—which has announced more cuts involving loss of 900 jobs, leaving fewer than 300 workers temporarily at its plant in Edgwick, Coventry, —yesterday criticised a union ban on movement of equipment from this machine-tool factory.

Management "much regretted" the decision to block deliveries of new machines and spares to customers. "The responsible attitude adopted to date has done much to sustain the loyalty and confidence of customers," it said.

"The action now being taken can only damage this and seriously prejudice negotiations, negotiations which could lead to the preservation of employment at Edgwick."

Stafford survivors in austere venture

Raymond Snoddy joins our series on unemployment with a report on four people's solution to redundancy.

DESPITE deep recession in the potteries, with many companies struggling more for survival than profit and short-time working widespread, a new bone china pottery began production last month.

The four people who set up Rose of England bone china in a narrow street in Tunstall, one of the Five Towns of Stoke-on-Trent, are keenly aware of the difficulties.

In June they and more than 200 others lost their jobs when Royal Stafford China, makers of fine English bone china in Stoke since 1845, went into liquidation.

They hope to succeed where Royal Stafford failed by cutting overheads to the minimum and keeping quality high.

For Mr. Kevin Dickin, one of the founders of Rose of England, the contrast could not be greater.

As managing director of Royal Stafford he earned £15,000 a year, drove a Peugeot 604 company car, and was accustomed to taking two ski-ing holidays every winter with his wife and daughters.

At Rose of England his only association with a company vehicle is the use of a second-hand Fiat van. He has yet to draw any of the £50 a week wage allotted to him and there is no question of ski-ing holidays.

Looking back, Mr. Dickin, who was a diver in the Royal Navy for ten years and a shop-floor worker at Michelin before becoming a cost and management accountant and financial director in the pottery industry, believes the end of Royal Stafford was inevitable.

When he arrived there two years ago "it was already insolvent." Although losses in the first year were cut from £400,000 to £96,000, high overheads, inefficient equipment and a strong pound sent the company to the wall.

The last chance was to try to move some of the production and workforce from Longton, in the south of Stoke, eight miles to Burslem in the north, where John Maddock, the London-based holding company which owned Royal Stafford, had an earthenware pottery.

"Of a workforce of 205, five were prepared to go to Burslem. It might as well have been Outer Mongolia," says Mr. Dickin. The incompatibility of earthenware and bone china skills led to the plan being dropped.

One Friday Mr. Dickin managed to scrape together Royal Stafford's £12,000 wage bill at the last moment and knew it couldn't be done again.

His final duty was to call the "dumbstruck" workers to the canteen and tell them there would be no wages, no holiday and no redundancy pay.

"But I thought we made a good product. There were orders. Why not take over Royal Stafford and run it as a hived-down operation?"

Maddock saw a conflict of interest, and Mr. Dickin and Mrs. Christine Wood, sales director, were sacked on the spot. It proved impossible to buy the remnants of Royal Stafford, and at the age of 44 Kevin Dickin was on the dole in an area where there are 120 people chasing each vacancy.

"The queue at the Employment Exchange was very long. It took 2½ hours to sign on. It appeared to get longer every week I went there, and I could not help feeling there was still a stigma attached to being unemployed."

After six applications for jobs for which he was qualified led to not a single interview he realised if he was to work again in the near future he would have to set up his own company.

Mr. Dickin, his wife Barbara who worked as a secretary at Royal Stafford, Mrs. Wood and her husband Eric, Royal Stafford's packaging and despatch manager together put up £30,000. They rented a small empty modern pottery of about 4,500 square feet at less than £1 per square foot. Then they began making samples and sending out dozens of letters to agents.

The aim is to compete in the markets they know. Traditional florally decorated English bone china is still in demand in Holland, Canada and Japan, despite cheaper Taiwan products.

Rose of England hopes to avoid the mistakes which, they believe, brought Royal Stafford down. They will keep to a small range of coffee and tea cups and saucers. Paperwork will be cut to a minimum mainly by having everyone, even the four shareholders, self-employed.

The employees — at present there are four of them — will only be paid for each high-quality piece of work they make. In return, Mr. Dickin says, they will receive above-average wages, have free transport to work, free accountancy advice, and can work whenever hours they like, within reason.

"But we are being ruthless on standards. We must get back to quality. Quality has got much lower over the past 15 years," he says.

Rose of England intends to stay small, with an expansion to 20 employees this autumn when new energy-efficient intermittent kilns are installed and the company begins to make its own cups and saucers. At present they are only decorating bought-in whiteware.

Mr. Dickin believes that the future—apart from major companies such as Wedgwood and Royal Doulton—lies in a return to the family-scale companies that were more common in the Potteries before the 1939-45 War.

"We anticipate problems, but we are optimistic," says Mr. Dickin.

A finance company has agreed verbally to lend £45,000, a joint venture with a lithography company is planned, and their first big order — for £2,000 worth of cups and saucers — has been sent to Holland.

"The finance company said that three out of every five new companies they finance survive. I think we have a fairly well-balanced team, and we are determined that Rose of England will be one of the three survivors," says Mr. Dickin.

THE PROPERTY MARKET BY MICHAEL CASSELL

Ellis gets China job

TENANTS FOR a 30-storey office complex being built in Guangzhou in the People's Republic of China are being sought by Richard Ellis, the UK agents and surveyors.

Ellis are under instruction from the developers to find occupiers for the ultra-modern, air conditioned building but not to talk about what must rank as one of the agency coups of the decade.

Even so, the developers are known to be Donaldson Lufkin and Jenrette, a New York-based investment banking group who hope to have the huge, twin tower complex by the end of 1983. One building will be occupied by the Guangzhou Institute of Science and Technology Exchange but the other—known as the DLJ Tower—will offer a mix of office and residential space amounting to nearly 800,000 sq. ft.

The lower half of the building will contain office suites and the top 15 floors will provide apartments. Tenants will have the option of a 1,200 sq. ft. unit of office space with a one or two bedroom flat which can ultimately be converted to office use if required.

Rents for the building are thought to run from around $870,000 to $940,000 for a 15-year lease. After the initial 15-year period it is understood that the building will revert to the Chinese authorities.

Marketing for the office complex, is being handled by Richard Ellis' Hong Kong office and one of the perks being offered interested parties is the provision of two multiple entry visas for each tenant upon taking up one occupancy unit.

Guangzhou (Canton) is the capital of Guangdong Province and the most important industrial centre in southern China. It has a population of over 3m and, as China's major outlet for foreign trade, hosts a major trade fair twice a year. The City is located about 75 miles north east of Hong Kong.

For the Canton experts, the actual site of the DLJ Tower is on the north east of Haichu Square and the building will offer views over the Square and to the Pearl River beyond.

There is nothing quite like this particular scheme in the whole of China, offering as it does the chance to acquire office and residential space within the same complex.

Ellis are quietly promoting the building to international clients who may carry out—or plan to conduct—business in China. Rents seem high for units offering a maximum total of 2,500 sq ft but then both the building and the local property market is new and someone has to try to establish the going rate.

Retail rents 'vulnerable'

LOOK OUT for a growing number of sale and leaseback deals in the hard-pressed retail sector is this week's message from brokers Quilter Hilton Goodison.

The brokers say that expansionary-minded groups like Asda and Tesco may find increasingly that such deals represent an attractive alternative to borrowing short-term and they predict that shop property coming on to the market in this manner could soon be running at £150m a year.

This trend, together with a levelling of rents, may create an upward pull on yields despite the argument of ever-rising institutional cash flow looking for a property home. Quilters say that shop rents look vulnerable in the short-term, especially in the case of secondary shops and those tourist-dependent West End retail operations. If rents look vulnerable, then so do yields, which at under 4 per cent for prime imply rental growth rates of over 10 per cent per annum compound.

Agents Hillier Parker, who have just conducted a survey of the High Street Kensington shop market, reckon that, despite the slump, the underlying trend in retail expansion is still upwards. Rents of prime units have risen over 12 times since 1965, twice the national growth rate but parallel with Oxford Street and other central London shopping areas. For the record, there are now 98 individual shop units in High Street Kensington against 76 in 1966.

Haslemere buys Stevenage block

IN A highly uncharacteristic move, Haslemere Estates has purchased a 1960s office tower block in Stevenage which it intends to modernise and retain in its investment portfolio.

Given the latest decision and the company's announcement earlier this year that it is to build a 105,000 sq ft office complex in the City, the slogan "Doing a Haslemere"—traditionally used to describe the quality refurbishment of period properties—seems to be becoming somewhat more ambiguous.

The company has paid Stevenage Development Corporation around £1.8m for the freehold of Southgate House, which is nearly 20 years old and provides 60,000 sq ft net of floorspace on 14 floors. A pub is also included in the package.

According to Haslemere's David Pickford, the company was approached to see if it was interested in the property, which currently produces an income of £146,000 a year, and perhaps to everyone's surprise decided that it was.

The building stands in Stevenage town centre and was the first office building commissioned by the Development Corporation during the development of the new town. The vendors were advised by Hillier Parker May and Rowden while Sweby Cowan McGlashan acted for Haslemere.

The real attraction of the building is what the agents like to call its "highly reversionary position." There are about six tenants in the building—including the Development Corporation itself, the Department of the Environment and the Institution of Electrical Engineers—and reversions involving all the space start within a matter of months and continue over the next three years.

Mr. Pickford says: "The building, like others of its generation, suffers from being "modern" in the sense that it has very quickly become dated in terms of fixtures and fittings. It will need money spending on it, principally on things like entrance areas and lifts and lighting.

"We are pleased with the purchase price and with the building's potential and intend to retain it as an investment. We have modernised quite a few buildings of its type but this is the first we have owned."

As for the company's new City development at Bevis Marks, site demolition is being carried out and major works are expected to start by next February. The scheme is scheduled to take about two and a half years to complete and should cost around £15m. The complex will be funded from Haslemere's own resources.

Shops saga concluded

THE SAGA of Chesterfield Properties' attempts to expand its Bransholme shopping centre at Hull — featuring threats of High Court action against the Department of the Environment and allegations of huge and mounting costs caused by unnecessary delays — appears finally to have reached the last chapter.

In January 1979, Hull City Council gave the go-ahead for a £3m extension to the district shopping scheme providing an additional 73,000 sq ft of space. In August, Mr. Michael Heseltine, Secretary for the Environment, called in the plans saying he wished the proposals to be considered alongside another scheme put forward by Associated Dairies at nearby Bilton.

Inquiries by the same inspector into both sets of plans took place in January and April this year and Chesterfield said it intended to take legal action if its plans were not passed by April. In the event, the inspector's reports — recommending approval in both cases — have just been upheld by Mr. Heseltine.

Commenting on the outcome, Chesterfield's managing director, Mr. Roger Wingate, said: "My feelings are mixed. I am obviously relieved that we can try to put 18 wasted months of frustration behind us but irritated that, despite the inspector's unqualified approval to Bransholme, the Department and the Secretary of State still refused to act for months."

Arlington in Exeter

PLANS BY Arlington Securities to develop a £7m shopping and leisure centre in Exeter have been accepted by the City Council as a basis for negotiation and agreement is expected soon. The scheme should be complete by the end of 1982.

The Exe Bridge centre will cover five acres and will provide accommodation on three levels. There will be a 50,000 sq ft superstore—discussions with three potential occupants are being held—and five smaller units totalling 19,000 sq ft.

Sports and leisure facilities will be on the first and second levels and will include a sports hall and squash centre. The development consortium, headed by Arlington Securities, includes Wimpey Construction (UK) and MWT Architects. Development Consultants are Collier and Madge and Walker, Son and Packman.

● Builders Amalgamated, a wholly owned subsidiary of Trafalgar House, have — as foreshadowed here three weeks ago—exchanged contracts for the purchase of Firestone's 28-acre complex on the Great West Road at Brentford, Middlesex. The purchase price is thought to have been something approaching £20m.

● The first phase of the Royal Insurance-John Finlan 19-acre industrial and warehouse complex at Toddington Road, Luton, has been fully let before completion. Electrolux have taken 70,000 sq ft of the 90,000 sq ft development and the remaining space has gone to Rothervale, Motto Foods, Therm-A-Stor and Access Equipment at rents of about £1.90 a sq ft. Phase Two will start shortly and will provide another 55,000 sq ft of space. Joint agents are St. Quintin and Fuller Peiser.

● J. Sainsbury has sold the freehold shop at 24 Gabriel's Hill, Maidstone, for over £600,000 to Corpus Christi College, Cambridge. The 15,000 sq ft store is in Maidstone's main shopping area opposite the Stonebridge shopping centre. Healey and Baker acted for Sainsbury.

● Albany Life Assurance has paid close to £400,000 for the freehold warehouse investment developed by MDW Holdings at West Bowling Green Street, Leith, Edinburgh. Knight Frank and Rutley advised Albany Life who are receiving an initial yield of 7½ per cent. The vendors were advised by Pentland Securities.

● Freeholders National Westminster Bank have let by tender the refurbished 2,146 sq ft office building at 9, Ely Place, off Holborn Circus, on a 10-year lease for a rent of £27,100 a year. The refurbishment was supervised by the building surveying division of Debenham Tewson and Chinnocks, who acted for the Bank in the letting.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

What price the cut in working hours?

Alan Pike describes the unions' advance while Brian Groom reports on some companies' experiences with the shorter week

UNTIL recently demands for improved working conditions occupied a far lower priority than pay in the majority of management-union negotiations. Apocryphal stories have been circulating of negotiators agreeing in corridors on how to jettison lavish conditions claims rather than arguing about them around the table.

Such days are gone so far as the shorter working time issue is concerned. Throughout Britain and other European countries employers have been surprised by the force with which union negotiators are now insisting upon reductions in the working week. The conventional wisdom that workers are prepared to be militant only about the pay packet has been rapidly re-appraised.

Reduced working time is a central plank in the TUC's Campaign for Economic and Social Advance, and its latest survey shows that 4½m manual workers in Britain now have agreements which provide a basic working week of less than 40 hours. This is in addition to those groups which have continued to place the emphasis on longer holidays rather than the shorter working week.

Why are workers suddenly ready to fight for, perhaps, an hour off the working week? An extra 12 minutes per day is hardly likely to produce a radical transformation in leisure activities or life styles. One obvious reason, close to the hearts of trade union officials and activities, is the effect which a reduction in official working hours and overtime could have on combatting unemployment.

The actual relationship between the shorter working week and recruitment is by no means a clear one, as the accompanying article shows. But at a time of high and rising unemployment this argument carries strong moral force among trade unionists. A recent study carried out for the Irish Government and the EEC discovered that more than 72m hours of overtime are worked in Ireland each year. Even if only 30 per cent of overtime hours were replaced by full-time jobs, argues the TUC, this would lead to work for 12,000 people.

One of the favourite slogans of the campaign for reduced time is that the shorter working week is inflation-proofed and cannot be devalued. It is a benefit which, once achieved, has been won for ever. And, while the immediate value of a 39-hour week may be limited, the drive for more substantial reductions will continue now that the round-figure logic of 40 hours is being broken.

One of the most crucial milestones in the campaign for the shorter working week in Britain came with the settlement of last year's national engineering dispute. This was not the first agreement to produce a reduction in the working week and its terms—one hour off the working week next year—are in some ways quite modest. But its significance in a huge manual industry was enormous, and it did much to demonstrate that the shorter working week really can be translated from theory into hard agreement. The fact that some other groups of workers have already succeeded in negotiating better terms is due, in part, to the breakthrough in the engineering industry.

Important developments in Britain since the engineering settlement recently reported to the TUC include:

Printing—two of the print unions agreed earlier this year to a one-hour reduction next January, followed by a 37½-hour week in July, 1982, for 125,000 workers in general printing and provincial newspaper offices. But following a dispute by the National Graphical Association, the Newspaper Society and many printing companies have now agreed to the introduction of the 37½-hour week from November, 1981, starting with a one-hour cut to 39 hours in January.

British Rail—there will be a one hour cut in the working week from November, 1981, taking some employees to 39 hours and others to 38.

China Clay—The Transport and General Workers Union negotiated a 37½-hour week which came into effect in the China Clay industry last month.

Imperial Chemical Industries—Five manual unions have agreed to the phased introduction of a 37-hour week for 50,000 workers by 1985, beginning with a one hour cut next June.

Philips Industries — There will be a one-hour reduction for manual staff to 39 hours in November, 1981, with white-collar staff gaining a cut from 37½ to 37 hours.

Retail Co-operative Societies—The 178,000 workers in this retail sector will go onto a 39-hour week this November.

The working week of 25,000 professional and technical National Health Service staff has been reduced from 38 to 37 hours this month and 24,000 university manual workers gain a 39-hour week in November.

A.P.

WHAT EFFECTS have managers felt so far from the cuts in working time that many of them recently conceded to the trade unions? One can only hope the experience of most has been happier than that of Neal Welding Components, a tiny Merseyside engineering company which went on a 39-hour week at the beginning of this year—and quickly suffered an unnerving fall in output at a time when general overheads were rising fast.

"Production has been drastically reduced," complains Ian Bridge, the works manager. "It's amazing what just one hour does to your overall output."

The management's reaction to the problem was to raise prices—only to see both orders and profits decline. To save on overheads it then cut the shopfloor workforce to 15 by getting rid of two apprenticeships—the opposite effect on employment to that often claimed for the shorter working week.

A couple of qualifications must be added. On the negative side, last winter's steel strike and destocking this year by customer companies obviously played their part when orders fell. More positively, the company's position subsequently improved as the summer brought more repair and modification work, with customer companies shutting for bolidays. But this upturn proved largely seasonal and in any case was of little comfort to Bridge: as part of the original agreemeot, he will see a further hour chopped off the working week every year until 1984.

For many British workers, an hour off the basic week means simply another hour's overtime at the premium rate—"an excuse for a wage rise . . . a come-on and no more," as one works manager put it.

In 1978 the CBI calculated that if the 35-hour week were introduced during the 1978-79 pay round it would add 5-7½ per cent to retail prices. In practice, however, few companies are easily able to isolate the labour cost or price effects of the current, less ambitious cuts in hours.

The majority view among management seems to be that small cuts in hours have neither dire effects, nor contribute greatly to what the TUC describes as "a positive cycle of productivity, growth and employment". In other words the preconceptions of both sides are not being borne out in practice.

Wasted time

At the opposite extreme from Neal Welding, some companies have found the move to a shorter week beneficial. Arthur Billings, general manager of C. C. Crump, a rail wagon repairer on Deeside, declares himself "more than happy" with his firm's cut from 40 to 37½ hours from August 1979.

It has not led to an expansion of the shopfloor workforce of 30 nor of itself to a growth in the company's operatioos, but it has been a spur to higher productivity and must be seen as part of a long-term drive to cut out wasted time in a firm which depends on fast completion of orders to maintain its market share.

In return for the cut in hours the workers gave up their afternoon tea break, while management demanded a 1.6 per cent increase in production percentages (hours used productively as a percentage of total hours at work). This has not quite been achieved—it is up by about 1 per cent—but results so far are considered reasonable.

On the grounds that "minutes are money," management has sought to speed matters by introducing a hydraulic trolley to lift vacuum cylinders underneath the wagons—replacing a less efficient forklift truck—and by putting wheels on everything which needs to be moved. There is a special bonus if production percentage targets are exceeded in a 13-week period.

Overtime, at one time considered essential income by the workers, was finally stopped under the deal after being reduced over a period of years. "This used to be a seven-day trade. It took us 10 years to tell them (the workers) it was a waste of time and that they needed leisure hours," says Billings.

C. C. Crump made a further reduction in hours to 35 on August 4. Management is conscious that this presents a further challenge, and has installed a computer to control productivity.

What is to be made of such apparently contradictory experiences? A great deal. Cuts in hours bave a far from uniform effect oo companies. Where effects are discernible, there is a marked difference between firms which change work practices significantly and invest in new equipment, and those which do not.

"Ideally, what we would like is a longer working week!"

For many companies, however, the effects are only barely discernible. Cuts in nominal hours have only a minimal impact on actual hours worked and on output. At Staley-Portland, an engineering company near Manchester, the piecework system involves hours and output being determined almost totally by the orders available, and by the bonus incentive for completing a job quickly and getting on to another one—as is the case with many firms. If the worker does more than the nominal 37½ hours he receives overtime pay, but the management considers that the effect on its 37½-hour week—in operation for about three years—pales into insignificance beside other factors.

Few managers appear to consider that the current batch of shorter week deals is having a marked effect on company employment levels — a main objective of trade unions across Europe—but it is difficult to reach firm conclusions in the present economic climate. It is certainly not a good time to think of taking on extra workers, and it is hard to judge whether the shorter week helps protect existing employment levels.

Bigger cuts in hours might create more jobs if the orders were available and if productivity increases did not match the cut in hours. "The 35-hour week would lead to men being taken on if the workload stayed the same or increased," comments the sales director of an engineering company which has seen little effect from a 39-hour week, but plans to go down to 35 by 1982.

On the other hand, the CBI argues that long-term employment levels could suffer if companies take on extra workers in the short term without a rise in output — higher unit labour costs would cause prices to rise and competitiveness to deteriorate.

Of the 19 companies questioned for this article, only one reported a definite plan to recruit more, and that was because of an overtime deal rather than a cut in basic hours. However, even this plan has now had to be drastically modified in the light of the recession—an example of how the small effects of hours agreements can be swamped by wider economic changes.

The company is Fordath, in the Midlands, which makes equipment and resins mainly for foundries. The original aim was to stop overtime within five years and to take on more people to compensate. The deal covered 200 workers and was an industrial relations manoeuvre to end backbiting between those departments which got a lot of overtime and those which did not. The first result was that two new fitters were added to the existing 19 in the maintenance department.

Now Fordath has had to slash overtime by half — which it would rather have done over a long period under happier trading conditions — and has declared 25 redundancies, including cutting the number of maintenance fitters back to its original level.

It is widely agreed that the high levels of overtime worked in Britain's manual sector—currently being hit anyway by the recession—will have to come down in the long term if there is to be any meaningful cut in overall hours. Cuts in nominal hours often simply mean more overtime. But few deals include specific curbs, and resistance can be high among workers who depend on overtime earnings.

Bus stop

Again and again, the whole argument about the effect of the shorter week comes down to the performance of individual managements. Current agreements show that managers have generally appreciated the uncertainty and avoided sudden, large and incautious reductions.

There is a host of one- and two-hour deals, staged deals, delayed deals, "agreements to talk." Many managers, even when they do not make radical changes to work practices, insist that workers give up break times to soften the effect.

Companies also have to consider from which part of the week the time can most painlessly be cut—often a source of considerable friction. It is no use letting workers out 15 minutes early each night to have them spend it waiting at a bus-stop. On the other hand, there are sometimes problems in lopping the hours off Friday afternoon; one firm had distribution trouble because it used to load the vans at that time.

One major maker of document handling systems put the workers at its coastal factory on a 4½-day week but took 15 minutes off each day for its inland plant. "We're not by the seaside and I think our lot would be bloody lost on a Friday afternoon," says the personnel manager of the latter.

The shorter week is not the only method of increasing leisure time, of course. Among the other options are longer holidays, sabbaticals and early retirement. In January the CBI floated the idea of "annual time budgets" of working hours. But the shorter week remains the most popular with trade unionists.

In the meantime many managers still wonder if they need to concede cuts in working time at all, while the Labour Research Department argues that "the employers' traditional defence—that going it alone is suicidal—no longer applies." On the other hand present agreements are for the most part neither so radical nor so widespread as to put other employers at a serious disadvantage when recruiting. Agreements to go down to 35 hours are still comparatively rare.

B.G.

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

● POWER

Topping-up not necessary

TUNCSTONE BATTERIES ia the latest company to announce a maintenance-free, "sealed for life" car battery.

Hard on the heels of tha Chloride group, Tungstone will launcb in October a rsnge of batteries which will require no topping up or attention and which will last for, say, six to seven years.

The new batteries will be launched at the 1980 Motor Sbow, at which Tungstone will also he showing a new range of economy, low-maintenance batteries.

Tungstone is, perhaps uncharacteristically, pessimistic ahout its new hatteries. In the first instance, they will be available only for imported cars and a limited oumher of popular British cars.

According to Tungstone: "To be realistic, it is probable that in the coming year the emphasis is going to be on economy, so that we do not anticipate dramatic sales to hegin with."

It is proviog a hard summer for battery manufacturers squeezed between bigh interest rates, a bigh price for lead and the knock-on effects of a relatively mild wlnter.

All Tungstone's new hatteries are being manufactured at the company's new £12.5m plant in Market Harhorougb.

The new maintenance-free hatteries are expected to last at least as long as conventional units, and while Tungstone is as yet unprepared to price the new units, they are expected to cost substantially more than the £12-24 that cooventional batteries fetch, depending on the source.

Tungstone is on 0858 65161.

Keeps it all going

ONE OF the higgest single hattery installations for uninterruptihle power supply applications in the UK has now heen installed at Reuters Technical Centre, claims ESB Incorporated, Thames House, Millhank, London SW1 (01-834 1159).

This hattery is of a type new to the UK and is a rotating no-hreak system which ensures that the news agency's worldwide computer and communications network is completely secure against disruption by power failure.

At its heart is the ESB Willard Type EX 21 264-cell lead-acid calcium battery which, at the moment of interruption, immediately takes over the supply of electricity to the main computer, and protects data—as well as maintaining communications—until the auxiliary diesel comes on line, or mains power is restored.

A range of these batteries is manufactured by Exide in the U.S. and is now being marketed throughout this country. The company aays that this type is ideally suited to telecommunications applications and will maintain capacity throughout their 20-year long operating life.

Fully compatible with UK charging systems, they are available fully assemhled, filled and charged, in capacities up to 3,700 a.h.

● CATERING

Less energy needed to wash dishes

DISH WASHINC ls hardly a glamorous subject, but a little modern technology applied to this Cinderella suhject can yield suhstantial savings.

According to Energy Mizer, a recently created subsidiary of the Brent Chemicals International group, its new low temperature dishwasbing system uses up to 83 per cent less energy, 45 per cent less water and 50 per cent fewer chemicals than conventional systems.

Much of this saving has been achieved simply hy the developmeot of a system which uses hot water only on demaod—there is no need to maintain stocks of water at over 80°C during the hours the machine is inactive.

The Energy Mizer system, called "Energy Poundwise" runs entirely at 60°C, roughly the temperature of a domestic hot water system. After scraping, the plates are racked and washed in six to seven litres of wasb water to which detergent has been added. Energy Mizer contrasts this with the conventional approach involving 40-150 litres of detergent loaded wash water.

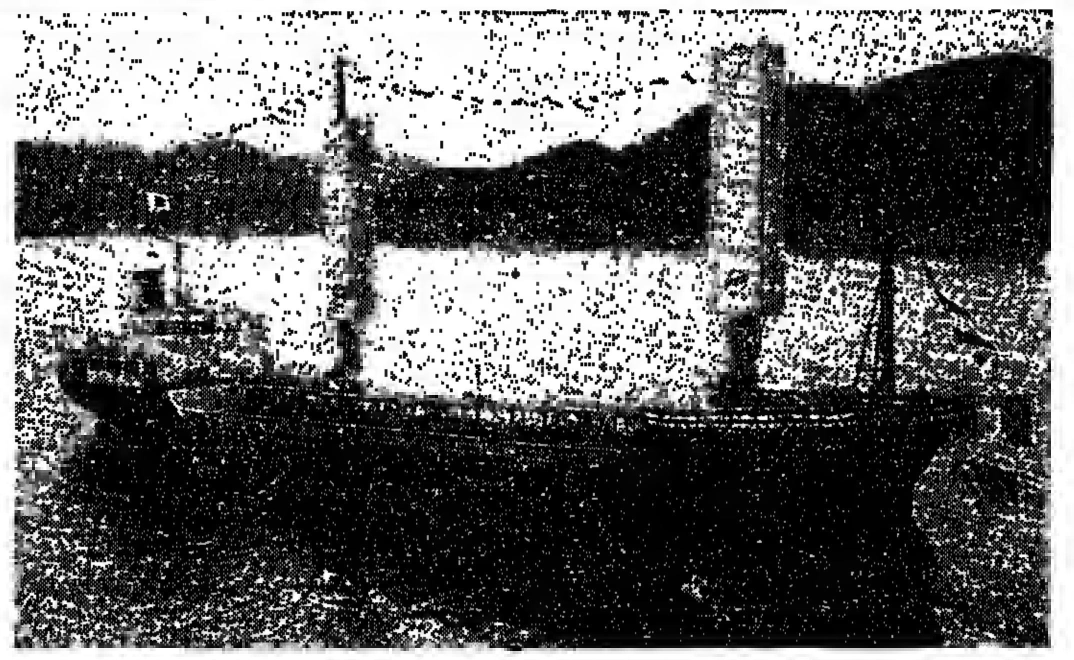
The wash water is then discharged to waste, the whole machine rinsed out and the dishes rinsed again in six to seven litres of clean water to which sanitizer and rinsing aids are added.

The riose water is then used as the wash water for the next operation.

Conventional systems use rinse water at 82°C so Energy Mizer claims to have eliminated the wash tank sustainer and the hooster heater.

A major international botel chain bas hegun to replace its existing dishwashers with Energy Mizers at a cost over five years of £2m. In the same period it hopes for savings from the system of £3m.

Energy Mizer is on 01-542 1021.



The Shin Aitoku Maru, Japan's first commercial sail-equipped motor ship, jointly developed hy Nippon Kokan KK and Japan Marine Machinery Development Association. Owned hy Aitoku Company, it is seen here just after heing lannched. In Septemher, it will he sailing around the Japan Sea, carryiug petroleum prodncts. Construction cost was ahout £1m. NKK says althongh the cost is over 15 per cent higher than that of tankers of the same class the ahip is designed to enahle energy savings of some 50 per cent hecause of the auxiliary use of sails and various improvements on the hull design, propeller, main engine, generator aod waste gas recycling. The tanker is 66 metres long and 10.6 metres wide. The two sets of rigid sails are made of thin steel frames and canvas, each eight metres wide and 12.15 metres in height. The total area for the two sails is about 200 sqnare metres. These sails are automatically controlled hy a huilt-in micro compnter, for manoeuvring and constant setting of the sails at the optimum angle for the maximum utilisation of wind power. Maximum speed is 12 knots.

● PACKAGING

Improves look of labels

EXCELLENT PRINT definition and long-term durahility are promised in a new range of coated nylon labels available in four styles, with acrylic or polyurethane coatings and satinised finisbes.

These are produced for all kinds of multi-colour labels for clothing, textiles, furnishings aod bedding, saya J. L. T. Smith, 133 Lichfield Street, Walsall, West Midland (Walsall 23513).

Printing methods include rotary, letterpress and lithographic — for whicb polyurethane-coated materials are specially geared.

They will be available ioitially in matt white or pearlised finisbes, in slit and widths up to 27 inch, but the maker says that other colours may be introduced at a later date.

● PROCESSING

Recovers the chemicals

A LARGE oumber of liquid chemicals, when stored or bandled, give rise to vapour which mixes with the atmosphere ahove the chemical.

Composition of this mixture depends on a numher of factors —notahly the vapour pressure of the stored chemical and the temperature and pressure of the system.

A new process has been developed to recover this vapour as a liquid for re-use without the need for expensive separation techniques, announces BOC, Creat West House, PO Box 39, Great West Road, Brentford, Middx (01-560 5166).

This process uses liquid nitrogen and is designed to cope with a very wide range of flow rates and mixture compositions.

Nitrogen is inert, dry and widely available. The company can supply it io a variety of packages to suit any applications; compressed in its familiar cylinders; liquid, delivered and stored in hulk; on site from BOC nitrogen generator or by pipeline from the company's production unit.

● HEATING

Maintains the flow

DESIGNED TO spiral around pipe systems transporting materials such as edihle and fuel oils, phenol, wax, chemicals, molasses, syrups and powders, is a heating cable called the Deltatrace STP.

This comes in lengths of up to 100 metres and loadings up to 50 watts (different wattages are used for different materials and varying pipe circumferences) and is introduced by Delta "T" (Trace Heating), 155 High Streets, Potters Bar, Herts. (0707 44866).

The system consists of twin conductors insulated with 25 "thou" of PTFE and glass braided overall within a braided stainless steel armourlog, and is wrapped around the pipes to be heated, prior to lagging, theo connected to an electrical supply via a thermostat.

Maker claims the tracer to be waterproof, tough, resistant to most corrosive agents and capable of withstanding high temperatures and transient voltages under upset conditions.

There is no hazard to plant personnel because of the prodnct's earthed armouring and the electrical properties of the PTFE insulation.

● METALWORKING

High speed blanking presses

ALTHOUGH it operates at high speeds, a Haulick Roos RVD press is claimed to he capable of maintaining consistent accuracy of the components it produces. The Industrial Equipment Division of Hahn and Kolb (Great Britain), Leicester Road, Rugby, Warwickshire CV21 1NY 0788 74261, has recently been appointed to he tha sole distributor in the British Isles of this blanking press and others in the range.

Fastest machine in the range is the RVD 25 (press force 25 tons) with an infinitely variable speed from 60 to 600 strokes/min while the largest is the RVD 400-1450 which is rated at 400 ton. It, too, is claimed to be extremely fast for its size, and can operate at speeds up to 180 strokes/mio, depending on components to be produced.

Thase presses can he supplied by Hahn & Kolb as part of complete systems for producing sheet metal blanks in quantity. Tbese systems would include stock reels, decoilers, feed units, scrap shears, conveyors and all other necessary equipment.

● MATERIALS

Saves time in drawing office

DESIGNED TO assist architects and draughtsmen in the preparation of original drawings is a self-adhesive acetate film which allows instructioos or explanatory copy to be typed directly on to it.

Material is a printable grade of celluloid acetate coated with a pressure-sensitive adhesive, hacked with a siliconised paper release liner.

The ink-receptive film will accept typewritten copy, allowing typists to produce descriptive matter, thus freeing the architect or draughtsman from laborious hand stencilling or the leogthy process of block lettering.

Transtext is available in a standard sheet size of 500 mm x 700 mm and can be cut to any size for positioning on drawing, plans, etc. It is suggested for use also in the production of internal newsletters, spare parts catalogues and technical specification data sheets.

More from Coated Specialities, Chester Hall Lane, Basildon, Essex.

● COMPUTERS

Small but powerful

TANDY Corporation, makers of one of the world's biggest selling microcomputers, the TRS 80, is ahout to launch a band held version—but it is Japanese designed and built.

The Tandy TRS-80 Pocket Computer which Tandy will launch here in October is in fact the Sharp pocket machine. It will sell for £119 including VAT.

Tandy is writing a number of business routines in the elementary computer language BASIC for the new machine including civil engineering, aviation, mathematics, business statistics, real estate and personal finance. The routines will cost between £8.95 to £13.95 including VAT.

The Sharp-in-Tandy's-clothing machine has an unusual architecture involving two four bit micro-processors, one to handle the arithmetic functions and the display (a single line of 24 columns) and another to deal with the BASIC interpreter. There is 1.9K of user memory, allowing the creation of reasonably ambitious programs (for such a tiny machine).

It is totally battery-powered and there are claims that it can run for np to 300 hours of continuous use on one set of batteries.

Ted Russell of Tandy will tell you all about the machine on 021-556 6101.

● CONSTRUCTION

Reaches the awkward . . .

FOLLOWING trials in severe winter conditions in Sweden down to the bot Dead Sea basin and the Jordan Valley a hydraulic power ladder has been developed to suit a variety of applications in the UK announces Lambourn Engineering, Lambourn Woodlands, Newbury, Berks. (0488 71111).

Self-propelled, the machine is available with either a petrol or diesel engine, and its working platform can lift to a height of 4, 5, 8 or 9 metres, according to the model.

The engine drives a hydraulic pump which in turn drives two hydrostatic motors which provide the power and steering in the two wheels.

Under normal ground conditions, says the company, stability of the machine is excellent and when operating on steep terrain or in rough ground conditions, extra attachments are fitted as standard to improve stability even further.

Farmers and foresters will like its versatility for access to trees for lopping, pruning, fruit-picking, etc., it is claimed, bnt it also promises numerous uses on construction sites and building maintenance areas as well as for electrical and telephone installations.

. . . and high places

TWO MEN can be lifted to difficult-to-reach jobs by the latest Access work platform.

Called the Zipper 45, it bas three hydraulically-operated articulated arms providing variable heights up to 14 metres and a maximum outreach of 6 metres from centre. Slewing and height control is achieved simply by pressing buttons.

The work platform is manufactured by Access Equipment of Maylands Avenue, Hemel Hempstead, Herts. HP2 7DW (Hemel Hempstead 60101) and is trailer mounted and battery powered. All controls are operated from the platform.

OUR WIDE NEW RANGE OF ENGINES COMES IN THESE TWO SHAPES AND SIZES.

There are no better surroundings for Mercedes-Benz advanced engineering than the sleek, spacious comfort of the SLC coupes and those leaders in sports car luxury, the SL's.

The envy of many and arguably the most handsome cars on the road, the new advanced SLC's and SL's form a technically faultless range.

Although dramatic new developments have taken place under the bonnet, the results have not been extravagant, over-powered cars of little practical value.

Top of the range, the 500 SL has benefited from our boldest engineering developments.

The merest touch of its transistorised ignition arousing a mighty 5.0 litre V8 fuel-injected aluminium alloy engine, developing 240 DIN/hp at 5,000 revs.

New aluminium engines will also be found in the 380 SL and 380 SLC.

This time a 3.8 litre V8 with fuel-injection, developing 218 DIN at 5,500 revs. As you'd expect, the new engines from Mercedes-Benz are not only very powerful, they're extremely sensible too.

So, while most other aluminium engines have steel cylinder liners, ours have cylinders lined with hard-wearing silicon crystals.

A refinement extending life expectancy and efficiency.

Another advantage of these lightweight aluminium engines is, of course, significantly improved fuel consumption.

All three models benefit from our rugged new torque converter automatic transmission as standard.

The new 280 SL's and the SLC's both have 2.8 litre six cylinder, in line, fuel-injection engines with twin overhead camshafts.

As always, increased performance and significant technical advances have not led to any radical modifications in the classic design.

You'll hardly notice the addition of the front spoiler on the SL's and the SLC's.

And, the 500 SL's boot spoiler is anything but ostentatious.

However, once behind the wheel the difference is plain. A degree of sensitive handling that will surprise and enthuse any experienced sports car driver. While the rear spoiler gives noticeably improved stability at high speeds. Two features that scientifically and systematically provide supremely efficient road holding and greater safety.

Not to be ignored when safety is being reviewed is the rigid steel passenger cell that was perfected and patented by Mercedes-Benz as long ago as the 1950's.

This cell is integrated with crumple zones at the front and rear which decelerate the force of the collision. So as you'd expect, the Mercedes-Benz SL's and SLC's are remarkably safe.

Of course no sports car made by Mercedes-Benz is purely sleek looks and power. Today's SLC's and SL's provide the ultimate combination of high performance, unthought of peace, quiet and luxurious comfort that for decades has been synonymous with the name Mercedes-Benz.

Mercedes-Benz

LOMBARD

A tale of two systems

BY LESLIE COLITT IN BERLIN

YEARS OF reporting from eastern Europe caused this recent visitor to Britain to wonder at the many signs of private wealth he found. Compared with the sprawling middle class houses in English towns, the slabs of parallel, prefabricated housing from Rostock to Tirana are monuments to mediocrity and unsocial planning. Little wonder that millions of East Europeans yearn to move into pre-war flats even though, under state ownership, they have decayed to the point where their middle class occupants live in slum conditions not unlike those of the poor in Britain.

Retail network

The visible contrast between Britain and eastern Europe is enormous. In the Communist countries old and new factories produce what will be the sinews of an industrial society. Outward signs of prosperity remain modest. In Britain the consumer society is in full bloom, with a highly developed retail network able to sell everybody's wares, including those of eastern Europe itself. East Europeans ask when they are going to reap the same rewards as the British have in their "late capitalist" society.

Although Britons still enjoy greater prosperity, the higher rate of industrial investment and output in the Comecon area is steadily narrowing the gap. East Germans and others in eastern Europe would be better off if their rigidly planned economies were unshackled, and if the onerous burdens of internal security and defence were lightened. Britons, on the other hand, would be worse off today if they could not draw on the great wealth created in the past.

World Bank statistics show Britain's per capita GNP in 1978 to have been $5,030. The figure for East Germany was $5,660. Anyone who knows eastern Europe will realise the difficulty in comparing the often inferior goods in East Germany with those available in Britain (not to mention the frequent shortages in the East). But the World Bank figures do illustrate the long, hard road that the East Germans and most other Comecon countries have come.

The key to success was not socialism, but the same quality that has brought West Germany where it is today. East Germans have sought to prove to the world that they are as able as the other industrial nations. This motivation, which has propelled the West Germans and the Japanese, has caused East Germany to out-perform Britain in industrial terms.

My visit to one high technology factory in Britain proved fascinating after the many plants I had been through in both parts of Germany and in eastern Europe. Outward appearances often deceive, but the sight of a precision instrument factory housed in 70-year-old buildings—albeit patriotically topped by the Union Jack—would cause even an East European to suspect the product emerging from them. Eastern Europe is anything but expensive in this regard, but priority is given to modern plant and equipment which, in many cases is being provided by West German companies—and only rarely by British exporters.

In another British factory I marvelled at the sight of skilled workers taking their lunchtime break sleeping on their lockers. Now this may be a sensible thing to do under the circumstances. But it is hard to imagine getting a German worker—East or West—to snooze during his break, let alone on a hard steel locker.

Rewards

During normal times the atmosphere tends to be more easy going in Polish factories. Workers there are even allowed pin ups on factory walls, however much that may conflict with traditional ideas of socialist morality.

As recent events have shown, the Polish case is a good deal more important than that. Like Britain, Poland can draw strength from its history, though in the Polish case it makes no obvious contribution to material well being. But the lesson of Poland goes deeper. The recurrent waves of strikes—1970, 1976, and 1980—shows that working for the future is not enough; sooner or later the people will want to see the rewards of its exertions.

Soul searching at the cathedral

BY GARETH GRIFFITHS

AROUND BRITAIN

RIPON

THE BEAUTY of Holiness is a quintessentially Anglican phrase; its haunting 17th century tones summon up images of mellow country parish churches, the mellifluous prose of the 1662 Prayer Book and the purity of choral evensong at a cathedral. This image is now responsible for some serious soul searching in chapters throughout the land.

The cause of such soul searching is the vexed question of finance and in particular whether cathedrals should introduce admission charges. Lincoln has introduced a 60p voluntary admission fee for entrance and 20p for children. In the last four months only 125 of the 58,000 visitors refused to pay.

Salisbury introduced admission charges in 1974 when it found the average donation per visitor was 2p. It now charges 30p for adults and 20p for children. St. George's Chapel, Windsor has an admission charge of 80p.

But there is considerable concern at this action. Cathedrals are first and foremost places of worship and quiet meditation. Churchmen are divided over whether cathedrals should charge and there is also opposition among the non-church-going public.

Ripon Cathedral in North Yorkshire is perhaps typical of one that does not charge. It is of the middle range of cathedrals, a range including St. Alban's, Worcester, Hereford and Chichester. Between 150,000 and 200,000 visitors are attracted each year to Ripon's 800-year-old cathedral, situated in the middle of a busy market town.

This is a small number compared to the equivalent of 21 fully loaded jumbo jets of visitors that York, Canterbury and St. Paul's receive in their peak hour alone.

The Dean of Ripon, the Very Rev. Edwin Le Grice, as a member of the Church Commissioners, is very aware of the problems that cathedrals face. He runs Ripon with the aid of a chapter of three canons, the choir school headmaster and his deputy, two vergers, a secretary and 30 volunteer guides.

The operating budget this year is about £75,000. Half if funded from cathedral endowments and investment of past gifts. One quarter comes from grants, mainly from the Church Commissioners who meet salaries.

Ripon's congregation and visitors make up the rest. Last year visitors gave £11,000 and this year under the cathedral's new Ministry of Welcome it is hoped to double that sum.

Mr. Le Grice disapproves of admission charges. At the same time he realises there is a pressing need to increase revenue from the tourists; he followed the example of Winchester, St. Alban's, Exeter and Chichester. The Ministry of Welcome format works by increasing the moral pressure on visitors to pay a realistic donation.

Ripon has set the sum of 30p per visitor as a reasonable sum. A sign at the entrance to the cathedral points out simply that the cathedral needs 30p per visitor to maintain its work. The message is repeated in French, German and Dutch.

Donations at Ripon have doubled since the scheme was introduced. In addition the cathedral charges 15p admittance for its crypt exhibition of silverware and another 15p for the library which houses a fine collection of medieval documents. Charges for admission to special parts of a cathedral are common practice and have gained wide acceptance.

Aesthetic considerations are important at Ripon. Operating a tourists attraction does however cause problems. Youngsters from language schools have a reputation for smoking inside the building and there have been examples of petty vandalism.

The Dean decided to move the cathedral shop out of the church and across the road. Cathedral shops are generally good investments with profit margins on turnover of between 30 and 40 per cent. The stock at Ripon is typical of what most giftshops sell; guidebooks and postcards account for the bulk of sales.

Only one in ten visitors buys a guidebook, surprisingly mostly after the visit rather than before. Most purchases tend to be under £1 although the shop sells copies of the two records made by the Cathedral Choir.

Ripon doesn't possess a teashop or restaurant. Turnover on restaurants is low, many cathedrals lose money on their catering facilities and York lets its refectory out on a franchise basis. Catering also means a need for toilet facilities and yet more expense.

Like many cathedral authorities, Ripon is worried about the behaviour of some coach operators. The more responsible contact the cathedral in advance but some, especially those catering for foreigners, shepherd visitors through quickly and often try to pay just 30p for the whole group.

The cathedral staff are more concerned, however, at the inaccurate information some operators give their customers. To remedy the situation, the Dean has recruited French and German speakers to act as guides.

Ironically perhaps the least popular day for visitors is Sunday. But the chapter is not keen on making too strong a difference between pilgrim and tourist. Research by the English Tourist Board suggests that a large majority of adult visitors to cathedrals are in search of a particular kind of experience from the cathedral they visit. Many stay for more than one hour.

Mr. Le Grice believes strongly in the spiritual dimension of cathedrals as an attraction for visitors. "We give complete priority to the sense of worship, beauty, order, space. People come here because they are hungry for beauty and mystery and dignity; we must not allow clutter or even money making to cheat them of what they need."

But the Dean is under two compelling but contrary pressures. On the one hand, that sense of order depends on visitors not becoming a flood and he only has to look at the position in nearby York to know what that means to a sense of order. Equally the full-time masons need to carry on with the maintenance programme, scheduled to last until the end of the century, when no doubt it will start again.

Ripon has just completed rewiring some of the lights; visiting performers for the Harrogate Festival highlighted the need for better changing facilities; the performers had to use the library. And the choir needs a new hall for practice.

The money making potential of the cathedrals is therefore not ruled out of hand. A large number of visitors wrongly assume the State provides grants but the clergy, like the BBC, are distrustful of money from this source. Clerical independence is a prized tradition.

The cathedrals are posed with a difficult problem. The Christian tradition is rather strong on money changers in the Temple but at the same time there is a strong feeling in the Church that architectural splendour is irrelevant to its central message. Scant resources need to be spent elsewhere on social work, training and meeting church salaries.

Top fillies clash at Goodwood

RACING

BY DOMINIC WIGAN

LESTER PIGGOTT, who showed all his artistry and tactical sense as he dominated proceedings at York, can make a further inroad into Willie Carson's title lead at Goodwood.

The nine-times champion is expected to score on Iskandaroun and Exclusively Raised before going on to take the reluctant Our Home to success in the Gordon-Lennox filly stakes.

There has seldom been more mediocre two-year-old colts bidding for top juvenile honours, with the exception of To-Agori-Mou, but the same cannot be said of the fillies.

Several highly promising first-season fillies have already staked claims to classic consideration and I believe that in Exclusively Raised and Silken Knot the Waterford Candelabra Stakes has attracted two more destined to reach the top.

Sir Gordon White's Exclusively Raised has achieved most to date. Runner-up to the brilliantly speedy Tolmi on her racecourse debut this American-bred filly went on to treat her six opponents in the Sweet Solera Stakes with contempt early last month.

Silken Knot's only race to date was in the six furlong Virginia Water Stakes at Ascot 13 days before the Sweet Solera. In spite of looking badly in need of the run, and showing signs of greenness as she looked about at half-way, the Berkshire filly won with authority and in a surprisingly fast time.

Silken Knot will relish the additional furlong, but at this stage the more experienced Exclusively Raised is likely to be too sharp for her.

There is no pretending that Our Home ranks among the most resolute fillies in training, but the fact remains that she possesses far more ability than most. If Piggott can persuade her to exert herself to even half-pace in the Gordon-Lennox Maiden event, she should win without unduly tiring herself.

GOODWOOD
2.00—Ceramic
2.35—Red Gold**
3.05—Iskandaroun
3.35—Exclusively Raised*
4.05—Our Home***
4.40—Alpaga

NEWMARKET
2.30—Clear Verdict
3.00—Overseas Admirer
3.30—Selsdon Park
5.00—Mickey Tim

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.40 Noah and Nelly. 9.45 Jackanory. 10.00 The All New Popeye Show. 10.20 Take Hart. 10.40 Cricket: The Prudential Trophy: England v Australia. 1.15 pm News. 1.30 Bod. 1.45 Racing and Showjumping. 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 at 11.00 am). 4.45 Buford Files and Dizzy Dog. 5.05 We're Going Places. 5.15 Hey Look . . . That's Me! 5.40 News. 5.55 Nationwide (London and South East only). 6.20 Sportswide. 6.35 Encounters with Animals. 7.25 The Awakening Land. 9.00 News. 9.25 Starsky and Hutch. 10.15 I Didn't Know You Cared (London and South East only). 10.45 Regional, National News. †10.50 The Late Film: "Pimpernel Smith," starring Leslie Howard.

All Regions as BBC-1 except as follows:—

BBC Cymru/Wales—1.30-1.45 pm Dan Dread. 4.45-5.05 Lledron Donaw. 5.55 Wales Today. 6.20 Cartoon. 6.25-6.35 Newyddion. 10.15 Valentine's Night. 10.55 News for Wales. †10.56-12.30 am The Late Film: "Angels One Five," starring Jack Hawkins.

Scotland—1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Beechgrove Gardeners' Roadshow from Aberdeen. 10.45-10.50 News for Scotland; National News.

Northern Ireland—1.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 The Fortune Tellers. 10.45-10.50 News for Northern Ireland; National News. 12.55 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 pm East (Norwich) Weekend: Midlands, (Birmingham) Dennis McCarthy's Weekly Echo; North (Leeds) Direct Line; North East (Newcastle) Quayside 900; North West (Manchester) Henry Royce Drove Home; South (Southampton) Wogan in Brighton; South West (Plymouth) Be My Guest; West (Bristol) Day Out.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
1.20 pm Cricket: The Prudential Trophy: England v Australia.
7.30 Mid-Evening News including subtitles.
7.40 Dallas.
8.25 Gardener's World.
9.00 Molière.
9.55 Festival 80 from Edinburgh.
10.45 Newsnight.
11.30 Cricket: The Prudential Trophy (highlights).
†12.00 The Outer Limits.

LONDON

9.30 am Rocket Robin Hood. 9.50 The Nature of Things. 10.40 Story Hour. 11.30 The World We Live In. 11.55 Beany and Cecil Cartoon. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Home-made for the Home. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Emmerdale Farm. 2.00 Houseparty. 2.25 Racing from Newmarket, covering 2.30, 3.00, 3.30 races. 3.45 The Andy Williams Show. 4.15 Follow Me. 4.45 Runaround. 5.15 Take My Wife.
5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Winner Takes All.
7.30 How's Your Father?
8.00 Vegas.
9.00 The Spoils of War.
10.00 News.
10.30 End of Part One.
11.00 Mary Hartman, Mary Hartman.
11.30 Side Street.
12.30 am Close: Personal choice with Rudolph Walker.

All IBA Regions as London except at the following times:—

ANGLIA

9.25 am Animated Special. 10.10 Tally. 10.40 Clapperboard. 11.05 Call It Macaroni. 11.30 The History of the Motor Car. 11.55 Cartoon Time. 1.20 pm Anglia News. 3.45 The Electric Theatre Show. 5.15 Alright Now. 6.00 About Anglia. 8.00 Charlie's Angels. 10.30 Speedway. 11.00 Soap. 11.30 Friday Late Film: "See How They Run." 1.15 am Men Who Matter.

ATV

9.35 am Something Different. 9.50 The Masterbuilders. 10.20 The Galway Way. 11.05 Kidsworld. 11.30 The Human Face of China. 1.20 pm ATV Newsdesk. 3.45 Stars on Ice. 5.15 Laverne and Shirley. 6.00 ATV Today. 8.00 Hawaii Five-O. 10.30 WKRP in Cincinnati. 11.00 ATV Newsdesk. 11.05 Movie Premiere: "Spectre."

BORDER

5.30 am Weir's Aweigh. 10.00 Horses In Our Blood. 10.30 Portrait of the Artist. 10.40 Clapperboard. 11.05 Chopper Squad. 11.50 Cartoon Time. 1.20 pm Border News. 3.45 Stars on Ice. 5.15 Happy Days. 6.00 Lookaround Friday. 6.30 Superstar Profile. 8.00 The Streets of San Francisco. 10.30 Issue. 11.00 The Late Film: "Yoicee." 12.35 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where, and Weather. 3.45 Enterprise. 5.15 Father, Dear Father. 6.00 Channel News. 6.15 Horses In Our Blood. 6.35 Encore. 8.00 Have Girls Will Travel. 10.28 Channel Late News. 10.36 Jack on the Box. 11.05 TV Movie Premiere: "The Violent Ones." 12.45 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 Weir's Aweigh. 10.00 Horses In Our Blood. 10.25 Portrait of the Artist. 10.35 Clapperboard. 11.00 Logan's Run. 1.20 pm North News. 3.45 George Hamilton IV. 6.00 North News. 6.10 Flair. 6.30 Thingummyjig. 8.00 BJ and the Bear. 10.30 The Escort Scotch. 11.00 The Friday Late Night Film. 12.30 am Reflections. 12.35 North Headlines and Road Report.

GRANADA

5.30 am The Challenging Sea. 9.50 Tarzan. 10.35 Clapperboard. 11.00 Sesame Street. 1.20 pm Granada Reports. 3.45 Survival. 5.15 A Sharp Intake of Breath. 6.00 Granada Reports News. 6.05 What's the Word? 6.35 Crossroads. 10.30 Kick Off. 11.00 Soap. 11.30 The Continental: Sophia Loren in "The Priest's Wife."

HTV

9.55 am Survival. 10.20 Animated Classics. 11.00 Sesame Street. 1.20 pm HTV News. 3.45 Stars on Ice. 5.15 Alright Now. 6.00 Report West. 6.30 WKRP in Cincinnati. 8.00 Soap. 10.28 HTV News. 10.30 [illegible] and Brown Shoe. 10.35 The Good Neighbour Show. 11.05 Chopper Squad.

HTV Cymru/Wales—As HTV West/HTV General Service except: 11.55 am-12.10 pm Coi Cocos. 4.15-4.45 Y Cai O'R Cychwyn. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Preview.

SCOTTISH

5.30 am The Story of Wine. 10.00 Horses In Our Blood. 10.25 Portrait of the Artist. 10.35 Clapperboard. 11.05 Charlie's Angels. 11.55 Cartoon Time. 1.20 pm News and Road and Weather. 3.45 Electric Theatre Show. 5.15 Circus. 6.00 Scotland Today. News and Festival '80. 6.30 Mork and Mindy. 10.30 Festival Focus. 11.15 Late Call. 11.20 [illegible] Of Night."

SOUTHERN

9.30 am Wild, Wild World of Animals. 5.55 Chopper Squad. 10.35 Clapperboard. 11.05 The Mackenzie Affair. 1.20 pm Southern News. 3.45 The Entertainers. 5.15 Happy Days. 6.00 Day By Day. 6.00 Scene South-East (South-East Area only). 6.30 Tell Me Another. †10.35 "The Fallen Idol," starring Ralph Richardson.

TYNE TEES

9.20 am The Good Word, followed by North-East News. 5.30 Hands. 9.55 Chopper Squad. 10.40 Clapperboard. 11.05 The Red Baron. 1.20 pm North-East News and Lookaround. 3.45 The Wild, Wild World of Animals. 5.15 Struck By Lightning. 6.00 North-East News. 6.02 Sportstime. 6.25 Northern Life. 8.00 The Incredible Hulk. 10.30 North-East News. 10.32 Film of the Week: "Countess Dracula." 12.45 am Meet the Faith.

ULSTER

9.30 am Weir's Aweigh. 10.00 Horses In Our Blood. 10.25 Portrait of the Artist. 10.40 Clapperboard. 11.00 Sesame Street. 1.20 pm Lunchtime. 3.45 Stars on Ice. 4.13 Ulster News Headlines. 5.15 Anna and the King. 6.00 Ulster Television News and Sport. 6.30 An Exceptional Child. 8.00 The Incredible Hulk. 10.29 Ulster Weather. 10.30 Witness. 10.35 Friday Film: "Stranger On The Run." 12.20 am Bedtime.

WESTWARD

9.30 am Weir's Aweigh. 10.00 Horses In Our Blood. 10.25 Animal Homes. 10.35 Clapperboard. 11.05 Portrait of the Artist. 11.15 The Beatles. 11.40 The Poetry of Landscape. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.45 Enterprise. 5.15 Father, Dear Father. 6.00 Westward Diary. 8.00 Have Girls Will Travel. 10.32 Westward Late News. 10.36 Jack on the Box. 11.05 TV Movie Premiere: "The Violent Ones." 12.45 am Faith For Life. 12.50 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am The World We Live In. 9.55 The Nature of Things. 10.45 Spiderman. 11.05 Chopper Squad. 11.55 The Bubblies. 1.20 pm Calendar News. 3.45 Stars on Ice. 5.15 An Exceptional Child. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 8.00 Charlie's Angels. 10.30 "Lawrence Of Arabia" (part 2). 12.15 am Police Surgeon.

RADIO 1

(s) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Peter Powell. 4.31 Richard Skinner. 6.30 Newsbeat. 5.45 Roundtable. 7.30 Paul Jones. 9.50 Newsbeat. 10.00 The Friday Rock Show (s). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (s). 7.32 Ray Moore (s). 10.03 Jimmy Young (s). 12.03 pm David Hamilton (s). 2.03 Ed Stewart's Request Show (s). 4.03 Much More Music (s). 6.03 Bob Kilbey (s). 8.02 The Victor Sylvester Orchestra at the Radio 2 Ballroom (s). 8.45 Friday Night is Music Night (s). 9.55 Sports Desk. 10.02 Dad's Army. 10.30 The Organist Entertains. 11.02 Brian Matthew with Round Midnight at the Edinburgh Festival, including 12.00 News. 2.02-5.00 am You and the Night and the Music (s).

RADIO 3

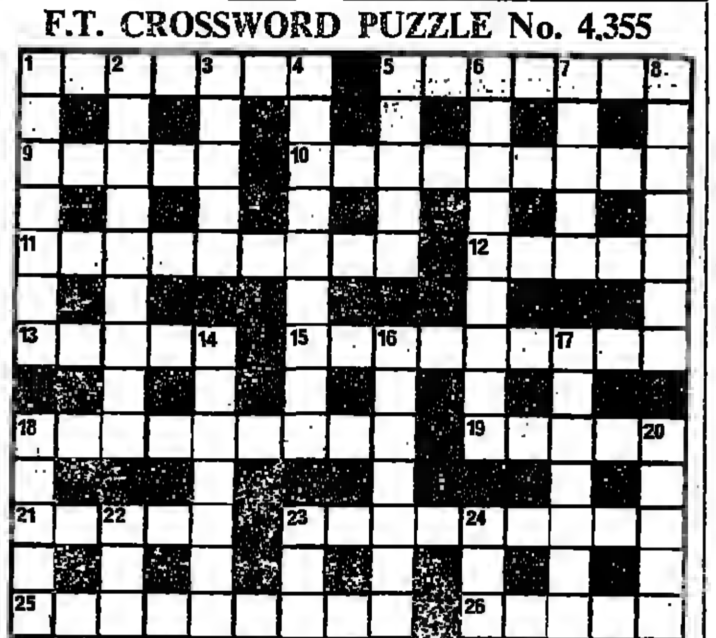
6.55 am Weather. 7.00 News. 7.05 Overture (s). 8.00 News. 8.05 Morning Concert (s). 9.00 News. 9.05 This Week's Composer: Prokofiev (s). 10.00 The Jupiter Symphony by Mozart (s). 10.40 Cricket: The Prudential Trophy: England v Australia, including 1.00 pm News, 1.05 Cricket scoreboard. 7.30 Proms concert, part 1 (s). 8.25 Theatre Street (the autobiography of Tamara Karsavina). 8.45 Proms, part 2 (s). 5.50 Dominqus poetry reading (s). 10.15 Late-Romantic Songs (s). 10.45 One Pair of Ears. 11.00 News. 11.05-11.15 Vivaldi (s).

VHF—with Medium Wave except as follows: 6.00-7.00 am Open University. 10.40 Ode to Napoleon Bonaparte by Schoenberg (s). 11.00 Edinburgh International Festival 1980, part 1 (s). 11.45 Festival Comment. 12.00 Edinburgh Festival, part 2. 1.00 pm News. 1.05 Schumann and Debussy piano recital (s). 2.10 In Repertory (s). 3.10 Lute Recital (s). 3.50 Northern Sinfonia Orchestra (s). 4.55 News. 5.00 Mainly For Pleasure (s). 6.20 Open University. 7.00-7.30 Tippett's Fourth String Quartet (s).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.45 Blazing and Bombardiering. 8.59 Continental Travel. 9.00 News. 9.05 Desert Island Discs with Stephen Sondheim. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service (s). 10.45 Story Time. 11.00 News. 11.05 Catch Me a Butterfly. 11.50 Natural Selection. 12.00 pm News. 12.02 You and Yours. 12.27 The Year in Question. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.16 Afternoon Theatre. 4.10 Faraway Food. 4.40 Preview. 4.45 Short Story. 5.0 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (s). 8.10 Profile. 8.30 Key Figures (s). 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Injury Time (s). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 John Wells On . . . 11.45 Friday Treat. 12.00 News.

F.T. CROSSWORD PUZZLE No. 4,355



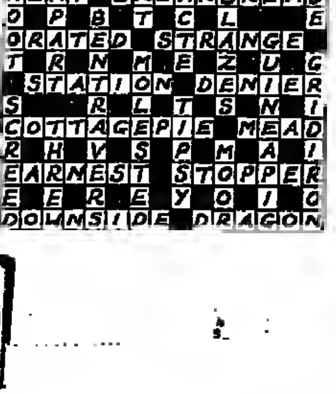
ACROSS

1 Preserve her topside of beef using a vegetable for flavouring (3-4)
5 Synod to take to task (7)
9 A lariat or part of lariat aimed (5)
10 Accuse male leader of gang (6-3)
11 Apiarist is to maintain European leader in drink (9)
12 Ghastly cover around old city (5)
13 Fleet Street district with little latitude for distinction (5)
15 Instruction that's outspoken and I have to follow (9)
18 Cut short and dog followed (9)
19 Vitality right for a long sentence (5)
21 Gather herb around church (5)
23 Clean a judge's bench in transport (9)
25 Set a price on a prize initially commended (9)
26 Excuse a politician I must go after (5)
27 Jailer getting the bird about noon (7)
28 Some French wine and start of entertainment for relaxation of strained relations (7)

DOWN

1 A short paragraph qualified to finish a story (7)
2 Cha-wallah should make a pile (9)
3 Artfully avoid woman holding notice (5)
4 Decelerate using rear of the foot (4-5)
5 Seat from which to control a meeting (5)
6 Candied leaf-stalks left are heavenly (9)
7 One who trains me in pitch (5)
8 Family of frogs scurried with wrong idea (7)
14 Deal in foreign currency of firm brand (9)
16 In the very act, as the bridge player may wish to be (3-6)
17 Higher prices could be blowing up (9)
18 Fruit that's prevalent we bear (7)
20 Bend backwards and rest (7)
22 Dance that may be saucy? (5)
23 Easy to make copper chary (5)
24 A piece that's separate (5)

Solution to Puzzle No. 4,354



FINANCIAL TIMES SURVEY

Friday August 22 1980

Offshore Technology

The North Sea has become the main proving ground for the many advanced technologies involved in offshore oil operations. Knowledge gained is that much more valuable because undersea recovery is likely to be a major supply source for an oil-hungry world.

Growth of a vital sector

By Ray Dafter
Energy Editor

THE ORGANISERS of the Offshore North Sea Conference and Exhibition, to be beld in Stavanger, Norway, next week (August 26-29) may have adopted an odd title (where else would the North Sea be hut offshore?). But they have put their finger on a vital and growing sector of the world nil industry.

During the next 20 years offshore discoveries could account for between a third and a half of all the world's new oil reserves, Much of this oil will be fnund in regions outside those covered by the Organisation of Petroleum Exporting Countries (OPEC).

Paradoxically, oil companies are being both driven and encouraged to search for new reserves in hostile offsbore conditions. On the nne hand they have become concerned at their loss of influence in the traditional producing areas of the Middle East, Africa and South America. They have seen OPEC member governments increase their Involvement in both production and trading activities. Between 1970 and 1979 governments' sbare of crude oil production increased from 6 to 55 per cent. Those hit hardest were the major international oil companies which once handled 60 per cent of non-Communist world oil supplies outside North America. This was oil produced by them and sold to them under contract. Their share today is barely 40 per cent.

But at the same time OPEC bas raised prices to a point where it is now commercially attractive to searcb for and produce oil from deep-water fields. In the early 1970s it was costing the induatry roughly $500 in development costs to produce eacb daily barrel of new productive capacity. In otber words, to exploit a field capable of producing 100,000 barrels a day (b/d) at peak would bave cost $50m.

Offshore development—particularly in the Nortb Sea—has altered the scale of costs. Britisb Petroleum's Forties Field, one of the first important UK reservoirs to be discovered, (lt was brought on stream in 1975), cost an estimated $2.68bn to develop. As it is now producing oil at the peak rate of 500,000 b/d, the cost-per-barrel of Forties is seen to be about $5,360.

The latest North Sea oll project to be approved by the UK Energy Department—Continental Oil's adventurous Hutton Fleld development—shows there bas been a further quantum leap in costs. It Is expected that Hutton will cost £600m (around $1.4bn) to exploit and tbat its peak production rate will be 90,000 b/d. On this basis tha development coats work nut at $15,800 per daily barrel—31 times the rate for exploiting a Middle East field a decade ago.

Yardstick

The new Energy Department "Brown Book" oo offshore statistics provides a further yardstick. Government officials bave worked out that up to the end of last year it was costing the industry on average $8 to produce each barrel of North Sea oil. For fields under development at the end of 1979 the average was nearer $10 per barrel. In some cases the costs were as high as $23 a harrel—clearly a figure that could only be justified with today's high fuel prices.

These statlstics are not only relevant to companles and governments with interests in the North Sea. Tbey are of interest to all countries with harsb offshore operating conditions.

The U.S. and Canada may have been in the van of onshore oil development but when it comes to exploiting some of their exposed offshore areas—particularly in the north—they bave much to learn from the North Sea industry. It is notable how Chinese delegations have been showing deep interest in tecbnology wblcb could be transferred from the North Sea to tbe Yellow and South Cbina Seas.

For uodoubtedly the North Sea has become one of the world's most important centres of the offsbore oil business. According to officlals of the UK Offshore Supplies Office—the dlvision of the Energy Department set up to help in the development of Britain's own oil supply industry—the UK sector of the North Sea accounts for about a quarter of the orders (io value) placed by the offsbore oil industry.

Since the value of UK orders for goods and services reached £2.7bn last year it would appcar thst the world offsbore oil supply market is now running at about £11bn. It could be worth much more.

Like Norway, Britain has been keen to see that its local manufacturers and service companies obtain the lion's share of North Sea orders. To this end the UK offshore operators have agreed to give British companies a "full and fair oportunity" to compete for contracts. Last year the UK supplies industry won its biggest share of North Sea oil busioess—£2.1bn or 79 per cent of the total. This compared with a 66 per cent share in 1978 and an estimated 25 to 20 per cent back in 1973.

It is estimated that between 1965 and 1979 the oil industry invested £11bn—or over £15bn at 1979 prices—oo exploration and development in the UK sector of the North Sea. Last year capital investment in oil and gas production was about £2bn, or approximately 6 per cent of total UK invest ent.

But the North West European Contineotal Shelf, and the North Sea in particular, Is not only a source of business for tbe oil supply industry. It Is a test-bed for the oll industry itself.

Oil production platforms in the nortberly part of the North Sea have to be designed to withstand wind speeds gusting to 160 miles an hour and sustain wave beigbts of 100 feet.

The search for hydrocarbons is also takiog UK operators into some of the deepest water ever tackled by the offshore oil and gas industry. British National Oil Corporation (BNOC), for instance, is currently leading a group of 19 companies in the drilling of a particularly deep well in tbe Rockall Trough. The group, which also includes British Gas Corporatioo, is using the dynamically-positioned drilling ship Discovery Seven Seas, to sink a well through 4,512 feet of water.

The water depth is 2½ times the previous record for offshore drilling in UK waters. The previous record was set in April when Sbell sunk a well in 2,004 feet of water In block 206/2 west of the Shetland Islands. This well in turn almost doubled the previous record of 1,142 feet of water set by British Petroleum on block 211/2 in the northern North Sea in October 1977. It is worth noting that in 1964 the record stood at just 88 feet, then held by Amoseas on block 38/29.

Geology

It should be stressed that BNOC and Its partners are not primarily looking for oil in its deep well on block 163/6. Indeed it Is termed a "stratigraphic informatioo well," whicb means the consortium is mainly aimlng to learn about tbe geology of the area. But It remains a moot point as to what would happen if BNOC struck oll in any quantity. It is questionable whether oil companies would find any ready developed technology that would enable them to explolt fields at that depth.

In reasonably favourable conditions, such as those found in the Gulf of Mexico, a fixed steel platform can be installed in 1,000 ft of water. This is the case in Shell's Cognac Field.

Tbe deepest development to be attempted with a fixed platform in the North Sea is British Petroleum's Magnus Field on blocks 211/12 and 211/7 in the northerly part of the UK licensed area. Here the water depth is 610 ft.

BP thought long and hard about installing a tension leg platform — a floating system tethered to the seabed by mooring lines secured under tension. BP says that its system, developed with Vickers Offshore, should be capable of exploiting fields in over 1,150 ft of water. In the end BP decided to stick with known fixed platform technology for Magnns. It was left to Conoco to be the pioneer on the Hutton Field. The tension leg platform to be installed there will be the first of its kind in operation anywbere in the world.

But BP may still break new oil production ground with its Single Well Oil Production System (SWOPS) announced earller this year. Here BP will use a converted oil tanker, or a purpose-built vessel, to exploit a single well oil field or carry out an extended test on a large field. A pipelipe would be lowered from the tanker to a sub-sea well system. Once the pipeline riser was locked in position, the tanker would "suck up" oil into lts crude oil storage tanks. All the while tbe ship would be kept in position by means of dynamlc positioning thruster motors. Once the tanker was full it would raise the riser pipe and sail to a terminal with its cargo. It is reckoned that SWOPS could produce oil at a rate of up to 20,000 b/d.

It is understood that BP has been examining the possibility of using the SWOPS system on a well near its important Forties Field. It bas also been reported that SWOPS could be adopted for an extended test programme on the big beavy oil find west of the Sbetland Islands, or perbaps in the Porcupine Basin off Ireland's Atlantic coast.

Fractured

With its partners Chevron and Imperial Chemical Industries, BP bas already been involved in some novel production tests on the big West Shetland beavy oil discovery, unofficially named the Clair Field. In order to boost the oil flow rate BP fractured tbe reservoir rock with a liquid pumped under higb pressure. The resultant cracks were tben kept open by injected grains of sand. In this way oil was prodnced at a rate of about 2,000 b/d—2½ times the natural flow rate.

The fractnre testing, announced earlier this month, followed within weeks a similar experiment conducted by Chevron and BP oo the South Ninian structure, 100 miles north-east of the Sbetland Islands. This too was a successful operation. Oil flowed at rates of 3,688, 100, 4,874 and 6,520 b/d respectively at four depths.

Given time, other production experiments will be tried In the North Sea "test bed." Technicians at Royal Dutch/Sbell laboratories at Rijswijk in Holland believe, for instance, that enbanced oil recovery using injected chemicals or special gases could add abont a fifth to the amount of oil now considered ultimately recoverable from North Sea reservoirs. Significantly, BP ia already carrying out enbanced recovery experiments in onshore oil fields in the Midlands to see if processes can be adopted offshore.

However, one of the most important areas for offsbore technological development lies in the spbere of sub-sea well completions. Tbese production systems, placed on the seabed, can be used in water depths of well over 3,000 feet. Just as important, they can be used to exploit small fields or areas of reservolrs too remote to be tapped from the main production platforma. They can also be used to inject water to boost oil production rates.

The fragility of the world oil market bas taught producers that every drop of economically recoverable oil is precious. The blg increases in oil prices have enabled the industry to develop and utilise bold new technology to exploit the hard-to-get oil.

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OFFSHORE TECHNOLOGY II

Key role for helicopters

THE DEVELOPMENT of the offshore oil and gas industries world-wide has been rapid in recent years, and much of this progress has been due to the ubiquitous helicopter. While it is going too far to suggest that without this versatile vehicle's ability to hover, land on and take off from restricted sites while carrying large loads, the offshore industries would never have materialised, certainly they could never have been developed so quickly. Moreover, the daily task of maintaining the scores of rigs offshore in many parts of the world would also be much more tedious and probably more expensive if there had to be total reliance on surface vessels.

But the partnership has been mutually beneficial. For the stringent technical requirements of the oil and gas industries in turn have obliged the major helicopter manufacturers worldwide constantly to seek improvements in their vehicles, in terms of design, range, payload and safety.

In the initial stages of the development of the offshore oil and gas industries, helicopters were still comparatively clumsy and uneconomic vehicles.

They were largely derived from earlier military designs which paid no heed to the niceties of comfort or styling, or even for that matter of economics. Progressively, however, under the stimulus of demand for increasingly efficient and profitable machines, the helicopter has itself evolved rapidly, and today new types of aircraft of various sizes are either about to enter service, or are on the drawing board for the future, which will ensure that the oil and gas industries' needs will be adequately met for a long time to come.

One of the earliest "workhorses" of the offshore industry, the U.S. Sikorsky S-61N twin-turbine 26/30-seater, with its range of about 360 miles and a speed of about 130 mph, still performs valuable service worldwide in the service of the rigs and platforms, and because of its sheer ruggedness and reliability it is likely to continue in service for some years to come.

But its pre-eminent position may well be rivalled by the new Boeing Vertol commercial version of the big Chinook heavy-lift helicopter—the civil version of the U.S. military "Jolly Green Giants." Also a twin-turbine engined machine, the commercial Chinook will carry 44-46 passengers and will have range of 650 miles and speed of up to 165 mph.

This bigger, heavier and faster machine seems likely to revolutionise the North Sea oil business in the years ahead, for British Airways Helicopters has ordered six of these aircraft, with the first due to enter service early next year.

They will be able to fly directly from, say, Aberdeen with a full load out to the farthest rigs such as Brent, bypassing the hitherto extensively used "transit-stop" at Sumburgh in the Shetlands. In the past fixed-wing aircraft have carried the loads from Aberdeen to Sumburgh for transfer onto S-61Ns for the final stages to the rigs. At best this connecting operation has added an extra two hours' travelling time when compared with a non-stop flight by a Boeing Chinook. Moreover, the improved interior styling of the Chinook will bring virtually airline comfort to the off-shore operations.

Forthcoming

British Airways Helicopters has a seven-year contract with Shell UK Exploration and Production for the forthcoming Chinook operations. But British Airways Helicopters is already also thinking in terms of the possibility of a "stretched" Chinook to carry about 66 passengers.

About 90 per cent of all British Airways Helicopters' business lies in the North Sea.

British Airways Helicopters has expanded consistently, and its latest five-year plan is geared to raising the current annual operating profit before tax and interest of close to £6m to £20m. Current investment plans envisage outlays of well over £100m over the next five years, of which about £65m will be spent on aircraft, including the six Chinooks and four of the new 10-seat Sikorsky S-76 Spirit aircraft.

The latter, also a twin-turbine engined aircraft but with a single main rotor, seats about 12-14 passengers and has a range of 460 miles and a speed of up to 165 mph.

Although developed primarily with off-shore oil industry in mind, the Spirit has also won substantial orders from other customers for such uses as executive transport, since its elegant styling makes it an attractive vehicle for that role.

To date Sikorsky has received over 370 orders for the Spirit from 85 operators in 23 countries. Many of these companies are engaged in off-shore work of various kinds. The biggest commercial helicopter operator in the world, Petroleum Helicopters Inc. of New Orleans, which operates 350 helicopters, of various kinds in the U.S., has ordered 11 Spirits for off-shore work.

In the UK, British Airways Helicopters has ordered four Spirits and expects to raise this to ten, while Bristow Helicopters (already the biggest UK helicopter operator with over 70 helicopters of various kinds) has ordered six Spirits.

Also now under development for the early 1980s is the new Westland WG-30 twin-turbine engined utility transport helicopter. Developed from the original multi-role Lynx helicopter, the WG-30 is intended for both civil and military duties, but so far as the off-shore oil industry is concerned it could be used in a variety of configurations, as a six-seater executive aircraft, as a 17-seat airline standard model or in a 21-seat high density configuration, while freight or mixed freight and passenger versions can be provided. The operating range of the WG-30 is nearly 400 nautical miles.

The daily task of linking the rigs and platforms with the mainland is largely carried out by these types of twin-turbine engined multi-seat helicopters (the multi-engined capability is regarded as essential for over-water flying in the off-shore support role).

Configurations

But the vast infrastructure of the off-shore industries has created in addition a growing requirement for smaller types of aircraft for executive and liaison duties, or for servicing smaller rigs and platforms. A wide range of aircraft is available, among the most recent additions to the list being the new Bell 222, an 8-10 seater, and also a twin-turbine engined aircraft, with a speed of up to 170 mph and a range of 480 miles.

The demands of the oil and gas industries have also led to the development of a wide range of helicopter operators and associated companies, and there are now many helicopter bases along the East Coast and in Scotland and the Orkneys and Shetlands.

Although Bristow and British Airways are the two biggest helicopter companies involved in the UK North Sea operations, there are several other smaller operators which can provide specialist services of various kinds.

The British Helicopter Advisory Board, formed in 1969 to promote the use of helicopters in the UK, lists in its latest handbook over a score of commercial helicopter operators, out of a total membership of nearly 100 companies, individuals and organisations which either own, operate, manufacture, repair and maintain helicopters or are in some way involved in rotary-winged flight.

Among the more recent additions to the list is British Caledonian Helicopters, created through the purchase by British Caledonian Airways of the original Ferranti Helicopters and now rapidly expanding with four bases in Shoreham, Milton Keynes, Falmouth and Glasgow.

Michael Donne

Shake-out in supply boats

THE WORLD supply boat business continues to be dogged by over-capacity and cut-throat competition in large sectors of the market. Yet certain operators have proved that by astute analysis of the market's future needs it is still possible to make handsome profits.

In the North Sea the performance of most British operators underlines the difficulties that have been experienced. Last year Ocean Inchcape (OIL) lost £0.5m, compared with a profit of £1.6m the year before. Star Offshore's performance was even worse, moving from a profit of £2.1m to a loss of £1.3m.

As a result some operators have decided to call it a day and withdraw from the market. The most recent example was Trafalgar House, which last month sold its supply boat subsidiary, Offshore Marine, to America's Zapata Corporation for £7m in cash.

Offshore Marine was formed in 1964 and claimed to be the largest British operator of supply and anchor handling vessels in the offshore oil industry. Its fleet of 24 vessels has now gone to swell Zapata's fleet of 51 vessels and will make the latter one of the largest supply boat operators in the world.

Trafalgar House has been reviewing its exposure to the offshore supply boat market for some considerable time, because of the poor returns being made, and the relatively high investment required to keep Offshore Marine competitive. Last year Offshore Marine lost £0.4m on a turnover of £11.2m.

Defaulted

Another casualty of the depressed market has been the British Virgin Islands-registered Northern Offshore, in which John Swire has a 10 per cent stake. It has been losing substantial sums of money and has defaulted on many of its borrowings.

Northern Offshore's subsidiary, InterSub, was the leading operator of manned submersibles in the North Sea, with 12 submersibles and five mother ships. In common with other operators, including P & O and Vickers, InterSub found the market very depressed and its operations were terminated in May of this year. Many of the vessels are now laid-up in Dundee.

The collapse of InterSub seriously damaged the parent and it is understood that a liquidator is to be appointed shortly. One of its vessels, the 1977-built Sea Producer, has already been sold to Bugge Supply Ships of Norway, and the other six vessels are believed to be up for sale.

However, not every operator has been doing so badly. Britain's Seaforth Maritime, owned by Taylor Woodrow and James Finlay, is steadily building itself up into a major force in the offshore support vessel market and Wimpey Marine, part of the UK construction group, is quietly establishing itself in the market for the larger and more powerful vessels.

Elsewhere, Sweden's Stena Line has been making a name for itself with its four multi-functional support vessels (MSVs), which it is building on "on spec" in Sweden. It seems to have anticipated what the market wanted—the key to success in the offshore business.

Zapata is another successful company. Its earnings from support vessels rose by 41 per cent during 1979 and look like rising strongly in the current year.

Supply boat operators these days need to be fairly large and widely spread, since there are considerable economies of scale and by owning a fleet of various types of vessels it is possible to avoid the pitfalls which have trapped companies like Northern Offshore.

The case of Northern Offshore is illuminating since it underlines the difficulties facing a relatively small, and undercapitalised company operating in a market undergoing rapid technological change.

Downturn

It was established by a group of investors in 1972. By 1975 it had built up interests in 22 supply vessels but because of the chronic overcapacity in this market it decided to withdraw and concentrate the bulk of its activities in the manned submersible market, which it had identified as a major growth area. When the latter market turned sour, Northern Offshore did not have the spread of activities to cushion it from the downturn, or the capital to enable it to continue operating until the market turned for the better, as it is now doing.

In its latest edition of the British Shipping Review, the General Council of British Shipping (GCBS) says that UK operators face a dilemma. They want to obtain as much of the business as possible. But the previous oversupply of tonnage and low financial returns has made it difficult to justify re-investment on a large scale."

The GCBS reports that UK flag vessels (not all of which are British-owned) have 56 per cent of the UK North Sea market, but the principal beneficiaries of the expected upturn in demand for supply vessels will be the foreign flag owners "who have built with the aid of heavy subsidies."

The GCBS believes that UK operators are being discriminated against in other countries' offshore zones where domestic flag operators get the "lion's share" of the business. In addition, the GCBS argues that UK owners are at a disadvantage in UK waters, which are open to all, because foreign supply boats are often able to use smaller crews.

Generally, the market for most types of support vessels is strengthening in line with the improvement in exploration activity. Vessels are having to be more powerful and there is an increasing tendency to employ multi-purpose vessels which can do a wide range of jobs. The key to success is to strike the right balance between specialisation, cheapness and flexibility.

A recent study by Derrick Offshore, "A European view of Offshore Service Craft 1980-83," has outlined the prospects for the market for four separate categories of support vessel—anchor handling/supply tugs, platform/pipe/straight supply vessels, pure anchor handling tugs and diving support vessels.

With anchor handling supply vessels, which lay the anchors and service the semi-submersible drilling rigs, Derrick notes that at the start of the 1970s owners were building tugs of 3,000-4,000 bhp. Market needs now dictate that many of the vessels should be three times more powerful.

The really powerful vessels of between 9,000 bhp and 10,000 bhp have been earmarked for supporting deep-water drilling in the northern Norwegian waters. On Derrick's estimates there is at present a surplus of the very powerful anchor handling/supply tugs. However, it says that there is scope for building a few more vessels in the power range 7,000-8,000 bhp, because nearly all drilling rig contracts in the North Sea will use this class of vessel.

The market for specialist anchor handling tugs is much more limited and as a result this sector was worst hit by the slump in the supply vessel market. Many supply boat operators converted their vessels to handle anchors as well and this exacerbated the oversupply of tugs.

At present specialist anchor handling tugs are used mainly in the construction, as opposed to the exploration phase of oil development. Most of the exploration rigs are serviced by the combination anchor handling and supply vessels, and anchor handling tugs specialise on platform construction projects. Consequently, Derrick sees no improvement in the market for these vessels until the 1982 platform construction phase starts, and possibly not until the gas gathering trunk lines are laid in 1983/85.

Among the platform supply ships in the North Sea the trend is towards ultra large ships which can act as storage vessels and remain offshore for long periods, or to smaller vessels which can carry good volumes of materials but not all simultaneously.

These days pipecarrying space is more important than deadweight tonnage. There is also an increased requirement for more ships with "joystick" controls which allows them to safely manoeuvre alongside platforms in the worst types of weather.

The final sector reviewed by Derrick is diving support vessels. In the early days of the North Sea development these vessels were often converted from old trawlers or ore carriers. However, as the workload increased and concerns for divers safety mounted there has been more and more specialist vessels constructed.

To save time when working near platforms and reduce damage to subsea pipelines caused by ships' anchors the trend has been towards installing dynamic positioning (DP) systems which are completely reliable, or in the jargon "fully redundant."

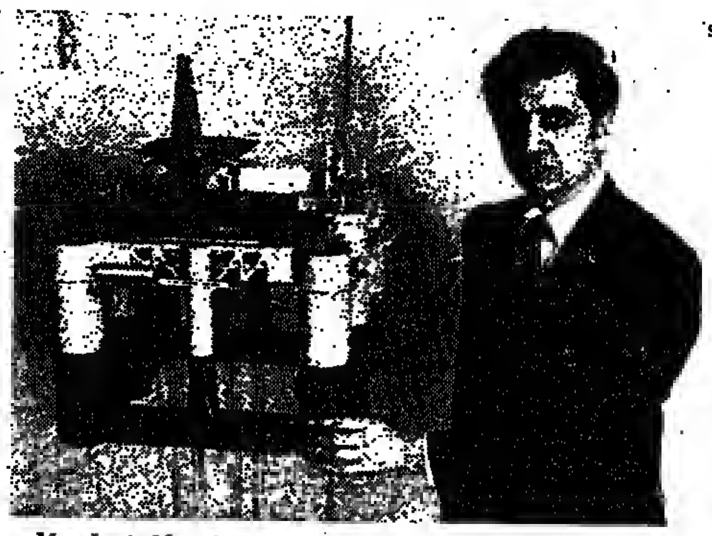
Ideally these vessels should be semi-submersible since this gives much greater stability and enables round-the-year working. However, construction costs are higher and these vessels tend to be less flexible. So various hybrid mono-hulled vessels have been built, often on a speculative basis. Stena Line, for example, is building a series of mono-hulled diving support vessels which also act as fire-fighting and emergency support vessels. In addition, they have a sizeable storage capacity.

William Hall

Developers launch new platform designs

BY THE mid-1980s there will be at least eight distinct types of production facility exploiting oil from beneath the North Sea. They will include both adaptations of exising technology and complete departures from it, designed to cope with ever-increasing water depths and barely economic reserves.

Although the cradle of offshore technology was the U.S. Gulf of Mexico, it is the North Sea, with its more hostile waters, that is now pushing the oil industry up its learning curve faster than ever before. Higher oil prices have encouraged the oil companies to get their designs off the drawing board and into the water. Some field developers, with one eye fixed on the day when they will be faced with oil and gas prospects in over 1,000 feet of water, have opted for innovative designs where more conventional platforms would have sufficed.



Mr. Jack Mercier, one of the project engineers, with a scale model of the tension leg platform (TLP) which Conoco will use on its Hutton field

Springboard

Conoco, for example, will use a tension leg platform (TLP) on its Hutton field, which received the official blessing of the UK Department of Energy earlier this month. It essentially consists of a buoyant steel structure anchored to the sea-bed with vertical mooring lines made of tubular steel. Although the water depth at Hutton—485 feet—is within the capability of more conventional systems, a TLP was chosen to serve as a springboard into deep-water development outside the scope of proven technology. Engineers believe the design to be cost-competitive with traditional platforms in 500 feet of water and practicable in depths of up to 2,000 feet.

A number of companies — including BP, Amoco, Scott Lithgow, Arge, Aker and Fluor—have presented similar designs in recent years but Conoco's, designed by Brown and Root and Vickers Offshore, will be the first in operation.

Probably the most ambitious development yet planned for the North Sea is Shell's underwater manifold centre (UMC), destined for Central Cormorant. Described as the most advanced subsea production system built, the UMC was designed by Vickers Offshore and based on Exxon's experimental submerged production system, which has been tested offshore Louisiana. The UMC will be installed next year. It will produce about 40,000 b/d of oil, which will be sent to the South Cormorant platform, from where the UMC will be remotely controlled.

Elf, too, has decided to innovate with the development of the North East Frigg gasfield in the Norwegian North Sea. It will use a subsea well manifold serviced by an unmanned articulated column, from where the wells will be hydraulically controlled. The column will operate by radio control from the main Frigg field. North East Frigg lies in only 340 feet of water. But if the system proves commercial under North Sea conditions, Elf will have little hesitation in proposing the technique for fields in water depths of up to 1,500 feet.

Other companies have wavered on the brink of innovation and ultimately drawn back. BP considered a tethered buoyant platform (TBP) — similar to a TLP — for Magnus, but finally decided against it because the field's reservoir characteristics would have required two TBPs. BP opted instead for what will be the tallest fixed steel platform yet built for the North Sea. It will be installed in 610 feet of water in 1982 and cost BP almost $1.5bn.

The fixed steel platform has dominated the exploitation of oil and gas reserves worldwide and has become almost *de rigueur* for clearly commercial fields in water depths of up to 500 feet. The oil industry is unlikely to become disenchanted with steel unless severe corrosion or fatigue problems arise.

How deep can steel platforms go? Although the steel platform built for Shell's Cognac field in the Gulf of Mexico stands in a water depth of 1,000 feet, wind and wave conditions at its location are relatively mild. A platform of that size for the northern North Sea, although it could probably be built, would be prohibitively expensive. If they have a limitation, it is one of economics rather than technology.

For much the same reason the concrete gravity platform has been largely neglected in the current spate of field development plans. In the 1970s the North Sea witnessed the rise and fall in popularity of the concrete platform. The first was installed on the Ekofisk field in 1973 and 11 more followed in the North Sea. The tallest stands in 500 feet of water on Shell's Dunlin field.

Only Norway seems to have retained much enthusiasm for concrete. A second concrete platform is now being built for Mobil's Statfjord field and a third will be ordered at the turn of the year. But in general the oil industry no longer regards the concrete platform as cost-competitive with steel, unless storage capacity is required. The production infrastructure that has built up in the UK North Sea has allowed a number of fields to pipe their oil to fields already linked by pipeline to shore.

Alternatives

For fields without the pipeline option, there are other alternatives to a concrete platform. For instance, Phillips' marginal Maureen field will be developed with a steel gravity structure. Designed by Italy's Tecnomare, it will consist of a steel jacket and deck with three steel storage tanks resting on the seabed. UK platform yard Howard Doris has also come up with hybrid designs using a steel jacket and either concrete or steel storage tanks.

So is the concrete gravity platform obsolete? Mr. Albert Granville, managing director of Howard Doris, thinks not. He argues that concrete must still be considered when storage or platform buoyancy is required.

Marginal fields provide their own special problems. They are extremely sensitive to changes in capital cost and development schedules and are more likely to continue with existing technology to avoid the unpredictability involved with innovation. This was reflected earlier this month when Shell and Esso decided to develop the small Tern field with a conventional fixed platform after considering a complex underwater installation connected to a floating unit.

Yet the use of a simple floating platform can substantially lower a field's commercial threshold. Pioneered by Hamilton Brothers on its 50m barrel Argyll field in 1975, floating production units are expected to find increasing use on the North Sea's marginal fields. Argyll uses a catenary-moored converted semi-submersible drilling rig as its production unit, as will BP's Buchan Field, due on stream later this year. But with the current buoyancy of the rig market, existing semi-submersibles are unlikely to be cheap to buy and, as Buchan has shown, conversion work can prove more costly and prolonged than originally thought.

Operators are now more likely to turn to purpose-built semi-submersibles. Both Occidental and Texaco are well advanced with plans to order such platforms to exploit small pockets of oil close to their existing fields. Another variation on the same theme is to use a ship-type vessel, similar to a VLCC, as a production facility. BP and Mobil have both recently proposed systems of this type for deep water development. Exxon and Norwegian Contractors, meanwhile, are looking at concrete floating platforms.

Because floating systems are free to move under wind and wave conditions, production wells have to be completed on the seabed and connected to the deck via a flexible riser or flowline. Perhaps one of the most significant technical advances of the 1970s, subsea completions are now in widespread use in the North Sea. Indeed the North Sea is now the focal point of the subsea industry, drawing all the main hardware manufacturers — Cameron Iron Works, Vetco, McEvoy, National Supply and others—to its shores.

Although there are few fields being developed completely with subsea wells, the industry has been kept ticking over with a constant stream of orders for individual satellite subsea completions, placed on the periphery of reservoirs. Their purpose is either to augment field output by producing reserves outside the drainage area of platform wells or to inject water, thereby pushing oil towards the platform wells.

James Joseph

Record drilling activity

OFFICIALS in the petroleum production division of the UK Energy Department are currently wading through a pile of applications from companies hoping to obtain concessions in the seventh round of offshore licensing.

It is one of the most interesting rounds put on offer by the Government. For the civil servants engaged in vetting the applications it is also one of the most challenging. Once again the Government has decided on a discretionary system of awards (instead of a straight auction as favoured in the U.S. and elsewhere).

Energy Ministers, who make the final decision about which company is awarded which block, want to be satisfied that the licence group is technically competent, financially sound and willing to comply with all the licence conditions, such as drilling commitments, giving UK manufacturers and suppliers a fair opportunity to compete for orders, and so forth.

The North West European Continental Shelf is still one of the most attractive drilling areas in the world, so it is hardly surprising that most of the major oil companies are among those vying for seventh-round licences.

What is adding further spice to these concessions is the fact that, for the first time, these companies are being allowed to nominate some of the blocks on which they would like to drill. At least 20 of these self-chosen blocks will be awarded. Each will carry a £5m signature bonus fee which will go into Government coffers — a new form of revenue-raising.

It is an idea which could be taken up by other governments with offshore concessions. Not only is the method a potential revenue earner (over and above the normal taxation system); it also means that companies are drilling where they think there is a chance of finding oil or gas. Consequently, the chances of success are increased.

But the novelty — and headache for civil servants — does not stop there. The Government has said that preference will be given to those applicant groups involving a substantial British interest. Consequently, we find that among those applying for licences are consortia often headed by a U.S. or Continental oil company and including UK food companies, UK banks, UK industrial groups and UK investment institutions.

Some of these non-oil companies are clearly applying with a gambler's mentality, hoping to strike it rich. Others have longer term intent. They may see the North Sea oil venture as a diversification opportunity which could take them into other offshore areas.

They have recognised that offshore drilling forms an important, and growing, part of the world oil and gas industries. According to British Petroleum, discoveries offshore may comprise some 40 per cent of all new reserves that are to be found over the next two decades. It is an area of exploration and production which requires specialisation, and one which will benefit from new venture capital and fresh ideas.

Chinese

These facts have also been taken on board by the Chinese, who have called on Western companies to help them evaluate the oil-bearing potential of offshore areas.

More than 30 companies are now concluding the evaluation of seismic shootings in a large area of the Yellow and South China Seas. China has broken its offshore areas into three sections for these surveys: the Bohai Gulf where the Japanese and French are operators; the Yellow Sea, which has been divided between French and British operators; and the South China Sea, where American companies are the operators.

The companies which have carried out seismic surveys in these areas will not be given preference in developing future licence concessions. But no doubt their willingness to take part in the seismic operations will stand them in good stead when tenders are called. British Petroleum has taken a further step; last month it announced it would shortly be drilling two geological information wells in the Yellow Sea. The announcement angered U.S. companies, which claimed BP was trying to gain an unfair advantage in the race for exploration rights.

But then the competition within the industry for good offshore oil exploration acreage is becoming more intense. Offshore drilling activity is at record levels and the signs are even more encouraging.

The Oil and Gas Journal recently provided a useful guide to the location of drilling rigs which shows that oil companies are spreading their interests across the world. The situation, in May, was: North America—165 rigs working, three idle; Latin America—66 working, one idle; Asia—57 working, six idle; North Sea—46 working, one idle; Arabian Gulf—33 working, two idle; Africa—32 working; South and East Europe—32 working, one idle.

The latest statistics show that there is hardly a spare rig to be hired anywhere in the world. In June it was reckoned that of the 242 jack-up rigs available for contract, 241 were employed. Of these, 222 rigs were actually involved in drilling—as opposed to being laid up for repairs or travelling from one well site to another. Companies looking for semi-submersible rigs are in for an equally frustrating time. All of the available 114 semi-submersibles are said to be under contract; 109 of them engaged in drilling.

The same source for these statistics—stockbrokers Merrill Lynch Pierce Fenner and Smith and Offshore Rig Locator—illustrate how the tight market has boosted rig construction work.

In June 133 rigs were being built around the world, twice as many as a year previously. Indeed, during the past four years there has been a five-fold increase in rig construction activity. During the current 12 months (May to May, 1981) it is estimated that 50 new drilling rigs will be completed: 45 jack-ups, 3 semi submersibles, one drill ship and one submersible.

Boosted

The increased pace of offshore exploration and development has boosted not only the rig market. The platform construction industry is also seeing plenty of activity. Early this summer it was estimated that there were 202 oil and gas platforms under construction—89 for U.S. offshore areas, 29 for Latin America, 16 for the North Sea, 18 for the Mediterranean and West Africa, 30 for the Middle East and 20 for Asia.

A feature of the new wave of platform orders is the interest being shown in structures capable of exploiting fields in greater depths of water. According to Ocean Construction Locator, quoted in the July issue of Merrill Lynch's Monthly Petroleum Review, the average depth of water for platforms under construction in May was about 20 per cent deeper than 12 months earlier.

The North Sea is a good example of where companies are having to venture into deeper and deeper water to find new reserves. The U.S. is an exploration area where companies would like to see more drilling concessions offshore. It is a source of irritation to the oil industry that of America's geologically attractive deep-water acreage—totalling 337.5m acres—only a paltry 875,000 acres have been leased at a time when the U.S., indeed the world, badly needs fresh oil supplies.

Ray Dafter

Sophisticated radio links

IT IS tempting to think of workers on oil production platforms as isolated and cut off from normal day-to-day communications. In reality platforms have access to nearly all the services enjoyed by land-based customers of the telecommunications authorities.

The operational needs of platforms are very sophisticated indeed. Every day information about production figures has to be sent to land-based terminals, as well as written requests for supplies and helicopters to ferry men back to the shore. Increasingly platforms are relying on computers to monitor pipelines for cracks and to control the flow of oil and gas from the sea beds.

Computers are constantly measuring and relaying information so there must be no break in communications; it could spell disaster.

In addition there is the conventional need for telephone and radio communication with ships and helicopters delivering vital supplies.

All the maritime forms of communications are based on radio. There is an extensive system operated by the Post Office which provides emergency long-distance links with the shore. However this is not sufficient to cope with the large amounts of information which need to be sent each day.

Programme

So the Post Office has embarked on a £10m investment programme to provide offshore oil platforms in the North Sea with the type of communications which hitherto has been enjoyed only by land users. They have employed a system using microwaves—extremely high frequency radio waves which have the ability to carry vast amounts of information.

Where oil platforms are in sight of land—as most are in offshore fields throughout the world—microwave systems are commonly employed. Microwaves, like light, only travel in straight lines so that only those platforms close to the shore can receive the signals.

Microwaves can carry several telephone channels, computer data, facsimile signals simultaneously providing platforms with all the information they need. But in the North Sea, some platforms are more than 75 miles from land, well out of the range of normal microwaves.

The Post Office has pioneered the use of a technique which was developed by Marconi Communications, part of the General Electric Company, to transmit radio signals over difficult terrain.

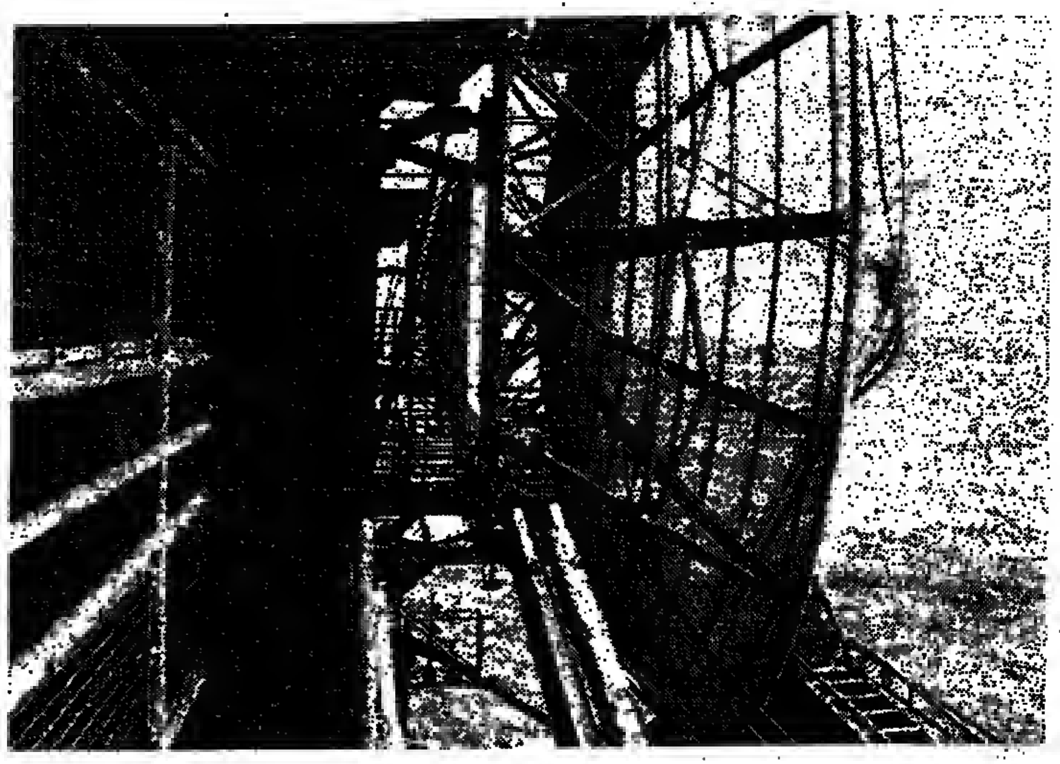
It still uses microwaves but their range has been extended to reach more than 400 miles. The technique is called tropospheric scattering. Very powerful microwaves signals are projected in a narrow beam towards the horizon in the direction of the platform from the shore transmitter.

The ever-present turbulence in the earth's lower atmosphere, the troposphere, causes the beam to scatter, in the same way that the beam of a torch is visible even though its owner may be out of sight around a corner.

While much of the power of the beam is lost, sensitive aerials are able to pick up the signals many miles away. Compared with the original transmitted signal they are one thousand trillion times weaker but powerful amplifiers are able to boost the signal.

The Post Office inaugurated its tropospheric scatter system in 1976 when Mobil's Beryl Alpha platforms was the first oil platform to be able to have an automatic telephone system. From the platforms the workers are able to link into the worldwide telephone network without having to call the operator. More than 15 platforms have now joined the service.

Microwaves are not the only way of linking long distance. The Post Office, for example, considered the use of satellites and undersea cable but both were considered costly alternatives. Phillips does have a satellite to serve one of its platforms and it may well be with the rapid growth of satellite communications, costs will fall to make them more widely used in this application.



Tropospheric scatter aerial forming part of the communications system designed by Burmah Engineering Telecommunications Projects Division for Total Oil Marine's Frigg Field in the North Sea

The Post Office considered that undersea cables were unsuitable because they would be prone to damage from passing ships' anchors, from the heavy fishing in the North Sea, coupled with the immense amount of activity around oil platforms.

It is only in the central and northern areas of the North Sea where tropospheric scattering techniques have to be employed. Because of the need for high reliability each group of platforms is normally served by two master stations which operate alternately. The master station transmits signals to others nearby using conventional microwave radio.

The Post Office has built two shore stations too serve these northern most fields. One is at Mormon Hill in North East Scotland; the other at Scousburgh on South Shetland.

Since most other platforms throughout the world are within sight of land it is unlikely that tropospheric scatter systems will be employed outside the North Sea by oil companies.

On the platforms themselves hand-held radios are a common sight as the structures are so large that workers often needs to talk to each other even though they are on opposite side of the platform. Hand-held radios — walkie talkies — are used to direct cranes during highly dangerous loading and unloading operations and to help helicopters to land during the final moments of touch-down.

To meet the social needs of workers there is usually a public address system which can also be used to provide music and other entertainment. At the moment television is not normally provided unless pre-recorded cassettes are used, although some companies are keen to provide better facilities.

As well as conventional systems each platform has access to emergency maritime radio services which can reach as far as land.

Elaine Williams

Electronics an integral part of operations

IN 1859 when "Colonel" Taylor drilled the first oil producing well in Pennsylvania it was simply a 60 ft hole out of which crude spurted at a minute cost per barrel.

Well over 2m boreholes have been sunk since then and as the working environment has progressively worsened they have come to depend more and more on modern instruments, control systems and communications, both for exploration and production.

Fruitful exploration under the sea would be impossible without electronically assisted magnetic, gravimetric and seismic equipment, backed by powerful computers. Furthermore, with the latest navigational satellites a rig or ship can be re-positioned over a spot on the sea bed to within a few yards. Such results can also be obtained with inertial navigation systems of the kind developed for military aircraft applications. Similarly, station keeping can be maintained with ultrasonic beacons on the sea bed.

Then, when the signs are right and the decision is taken to drill, electronic techniques nowadays play a vital part in ensuring that huge investments are not wasted.

Inertial techniques feature again in a system developed by Ferranti which will plot the course of drilling down to 8,000 ft with an accuracy of 6 ins with respect to the top of the borehole. Contained in a 10-ins diameter capsule are three precision accelerometers mounted at right angles on a gyro-stabilised platform. Any tiny accelerations they experience are converted to displacement by two mathematical integrations and the readings stored at 0.1 second intervals as the capsule is rapidly lowered down the bore.

Plotted

On the surface the readings are extracted from the semiconductor store and automatically plotted on paper. The design was a world "first" for Britain.

It is when the production platforms are finally placed, however, that control technology of the more customary kind takes over.

In a typical case oil is rising from a number of bores up pipes equipped with chokes (restictors to flow) and will be fed into one or more units in which gas is separated from oil at about 100 psi pressure.

The gas is either flared off (burned), or increasingly nowadays recovered.

The oil is pumped to shore at pressures in the 1500 psi region and at rates which can easily exceed ½m barrels per day. Other processes include separation of sand and water from the crude and condensation of propanes and butanes from the gas. Some of the gas is consumed on the platforms to provide electrical power.

In all these processes flow rate and pressure are the key parameters that have to be measured and controlled, although other mechanical and electrical quantities may be involved. Appropriate measuring devices send their data to a control room where, basically, a comparison takes place with operator, instrument or computer-demanded values and correction signals sent outwards if the two do not match. These control signals will alter pump speeds or line chokes to restore the norm.

In many cases, however, the signals are still transmitted pneumatically for safety reasons (no sparks or heat are permissible) while their effects are simply monitored electronically to produce operational and production data.

But as modern electronica become smaller, cheaper, more reliable and the voltage levels reduced, complete electronic control will tend to predominate.

Many offshore systems are based on process control systems for land-based chemical and patrochemical plants and most of the UK and international process control companies are involved in supplying equipment ranging from valves, transducers and actuators to complex computer and screen-based control systems. The list includes such names as Brown Boveri Kent, Ferranti, Foxboro, Honeywell, Rosemount and Syhron Taylor.

In the latest designs the traditional meters and controllers can be done away with altogether and the values of temperature, pressure and so on displayed as dynamic bar charts or selective listings and graphics on colour television monitors. Tha operator can look at any sector of the plant, adjust set points (controlled values) and in some cases bring up displays which show the trends of parameters over previous hours or days. Alarm conditions appear on the screen as flashing red markers next to the offending reading, accompanied by audible warnings.

In most systems of this kind a computer situated centrally undertakes all the control and data manipulation but a trend developing in land-based systems—distributed control—will probably also become accepted on offshore platforms too.

It arises mainly from the availability of cheap and reliable computing/storage power in integrated circuit form and has the advantage that dedicated control of each process loop (circuit) is feasible, giving increased integrity. Honeywell has claimed the first order for such a system, for a double platform in the Beatrice Field.

Sometimes platform systems have to exchange data over radio links, send data to the shore or measure the input of various producers into a single pipeline. Indeed, the pipeline itself may ba monitored in order to detect fractures the moment they occur—the technique is either to detect the resulting pressura wave or continuously monitor mass flow into the line at the platform and compare it with that at tha terminal.

Computers are being applied to many such problems: for example there is one which data-links many terminals and platforms to monitor logistical support — from helicopter bookings to consumables supplies.

Clearly safety is a vital matter on a production platform in view of the products, but so is production continuity, partilarly since £1m of crude per day might be produced. False warnings and shut-downs are unwelcome.

Monitor

Once again electronics are brought to bear and companies such as G. P. Elliott have devised ultra-reliable microcomputer based system, now coming into use, that will constantly monitor gas detectors and other hazard sensors (excess pressure or temperature, for example) and if necessary initiate extinguisher systems and shut down the whole platform.

Such risks are not entirely remote. There is a notorious case on record from the Gulf of Mexico in which massive gas bubbles suddenly appeared under a platform and ignited within seconds, the heat causing the structure to collapse.

But to avoid false alarms completely three microprocessors are used in a "two out of three" electronic voting system.

The use of computer systems even extends to shore-based simulations of platform control rooms on which operators can be trained without being let loose on the real thing. Another British company, Redifon, has devised such a system in which any kind of hazard or situation can be presented to the trainee.

Future challenges for electronic control will be even mora demanding. Probably much greater integration of the kinds of system mentioned in this article will be called for if, for example, ideas such as the deep-sea production system come to fruition.

In this, there is no platform at all and the hardware is in five interconnected very robust modules on the sea bed. Fully automatic operation has been mooted, but seems unlikely.

But even with minimal manning the instrumentation, control, safety and reliability problems will be considerable, to say the least.

Geoffrey Charlish

THE ARTS

Cinema

Going for a song

by NIGEL ANDREWS

All That Jazz (X) — Odeon Haymarket
Breaking Glass (AA) — ABC Shaftesbury Avenue
The Wishing Tree — Camden Plaza
Italy Before Neo-Realism — National Film Theatre

When is a musical not a musical? Can we dub *All That Jazz* and *Breaking Glass* musicals? Packed with tunes and toe-stomping though they are, they're like most of today's song-and-dance movies: films *about* music-making rather than films that use music as an extra string on the expressive bow. Modern "musicals" fight shy of unreality. Occasionally odd prehistoric creatures cross the skyline, like *Grease*, memories of an age when characters really did burst into song in the middle of a love-scene on a park bench or a stroll through a rainy Hollywood street. But mostly, today's warblers and high-kickers need a stage or a recording-studio to make merry with music. Both this week's vehicles give a few brave tugs at the shackles of modern convention, but they remain music films stubbornly and incestuously bound up with the music business itself.

All That Jazz is the braver of the two. This wobbly, likeable extravaganza, which shared the Grand Prix at Cannes, is *delirium tremens* at 24 frames a second; not so much Afternoon of a Faun as Morning-After. Bob Fosse's medical musical leaps like a gaga satyr from live theatre to operating theatre, in its quasi-autobiographical tale of a fast-living Broadway producer-choreographer (played by Roy Scheider) pushing himself on to greater and greater heights and finally to a heart attack. But even when our hero is wheeled into hospital you can't stop the music. Post-operational Scheider becomes the life and soul of Intensive Care and the film, burgeoning ever more into fantasy, clusters gargantuan production numbers around his bed as dancing arteries and capering corpuscles in human shape come together to hymn the joys of open-heart surgery and sing the body eclectic.

So it's like halcyon Hollywood, you say? The days of old when musicals were bold? Not quite. It's more like an over-anxious dog-on-a-leash making frantically nostalgic lunges toward the old Free-Form but tied willy-nilly to its post-'60s post. The result, though schizophrenic in manners with its blend of *Chorus Line* realism and Busby Berkeley baroque, is emphatically a creature of the late '70s-early '80s. For one thing, the last-act razzmatazz is almost mockingly hyperbolised. The surreal doesn't grow out of the real, as in the old days of Astaire or Kelly, it's stuck on in great chunks of *appliqué* artifice. For another director Fosse, who won his cinematic spurs with *Cabaret*, is too fascinated with the very staginess, with the machinery-whir and the *processes* of music-making, to be wooed into oiling the transitions between narrative and production number.

The rabble-rousing rococo of the second half may be too much for some tastes—it certainly was for mine—but the pre-cardiac section of the film, when the autobiographical sketch of Scheider-Fosse is wreathed as if from the backstage billows of cigarette smoke, is as lively a reshuffling of musical-comedy conventions as America has lately produced. Snap-crackle editing choreographs the images themselves into a dance as slices of the hero's private life—with his aspiring-dancer daughter, his sundry mistresses, his tobacco and Dexedrines—are rhythmically intercut with rehearsal vignettes and backstage fun-poking at the weathervane reactions of his latest show's backers. ("We've just lost a family audience" murmurs one backer to another through clenched teeth, as a brassy Broadway production number gives way to a sweaty erotic ballet in best Fosse tradition.)

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All That Jazz is like an overgrown workshop sketch funded by a millionaire. It hasn't lost its chaotic shape but it has grown some fascinating and opulently endowed encrustations. *Breaking Glass* is British, bald and basic by comparison: the straight-up-and-down tale of a punk rock singer's rise and fall, given high-voltage vigour by Hazel O'Connor's performance in the lead role. Miss O'Connor wears a dead-white floor-mop for hair and jet-black nail-polish on her hands and feet. As a singer she is punk's answer to Shirley Bassey, a melodious road-drill turning showbiz vibrato into a seismic mechanised judder. Add to that her wondrously weird on-stage costumes—all in outré silver and white and culminating in something that looks lent her by the robot from *Metropolis*—and what you have is Britain's *première chanteuse* of the Machine Age.

But the film built round this star-in-the-making isn't worthy of her. Like *All That Jazz* it's a post-lapsarian musical, either pegging its numbers to stage (or recording-studio) reality or gear-changing into fantasy with a deliberately voluble scrunch. There is cheerful mileage in the early chronicle of Miss O'Connor's rise and the assembling of her back-up group: with manic cockney manager Phil Daniels (of *Quadrophenia*) running around as if someone has lit his blue touch-paper and retired, and with some deathless one-liners from the auditioning hopefuls. "I'm always late for auditions," says a lanky double-bass: "This is my 63rd."

But soon we're wading knee-deep into the hackneyed marshes of rags-to-riches disillusionment, as fame becomes too much for Miss O'C—or rather goes straight to her albino-mopped head—and the oleaginous smoothies of the record industry conspire to package, simplify and exploit her talent. This road is as worn and well-rutted as Pompeii. *Stardust* has driven down it before and so have countless other British music films. What *Breaking Glass* does offer, amid the sound of clanging clichés, is a few raw rude notes from the first British singer ever to make punk sound as if it can house other emotions than mere fingers-up aggro. Now will someone give Miss O'Connor the reward of a good movie script?

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A car crash, leaving me in one piece but my car in several, prevented me from reaching the Press show for *The Wishing Tree*. Notes and memories remain, however, from a first viewing at the London Film Festival two years ago, when this Russian film from Georgia scooped widespread interest. See it and savour it instantly. It's a rawly visionary tapestry of village life, set around 1900 and cross-weaving eight or nine different stories as it builds the bewitching picture of a community time-warped in primitivism and yet struggling to emerge into the 20th century.

Like a naive painter, director Tengiz Abuladze abandons the ordered hierarchy of perspective for a higgledy-piggledy pantheism of style which allows every character to claim his share of the story's foreground: from the lady in ragged Parisian clothing who has lost her beloved—a Miss Havisham of the wild—to the preacher prophesying a New Era, from the peasant searching for the title's talismanic "wishing tree" to the two ill-starred lovers, one a married girl, whose adulterous romance leads to capture by the villagers and a cruel *ad hoc* martyrdom.

The film's ending, depicting their tragedy, has an unforced power and pain that are like a village-pageant version of Mizoguchi's *Chikamatsu Monogatari*. Elsewhere in The *Wishing Tree* though the impact of the different stories is uneven, Abuladze sustains the sense that beneath the surface calm of village life there are ever-potent undercurrents: of superstition, of passion, of rural eccentricities teetering on the brink of real madness. It's a jumbled tragicomedy, written as if by Gogol, painted as if by Douanier Rousseau. Catch it while you can at the Camden Plaza.

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When you sip your next Martini, think of the National Film Theatre. For Martini and Rossi have sponsored a month-long retrospective of pre-war Italian cinema, to which all filmgoers should turn whose knowledge of that nation's movies starts with V for Visconti and D for De Sica. Here you may sample Neo-realism's prehistory: fifteen years of sound cinema when art, spectacle and propaganda mingled and Mussolini wielded a big, but not too big, stick over the film industry. Laugh at the early exploits of Vittorio De Sica, as comic actor rather than director; sigh prophetically at the screen debuts of Alida Valli and Anna Magnani; and thrill to the scope and splendour of *Scipio Africanus* (1937), which still has a fair claim to be considered the most spectacular film ever made.

Scene from 'All That Jazz'

Oxford Playhouse

The Workshop

by GARRY O'CONNOR

The Workshop, an autobiographical play written by Jean Claude Grumberg, and translated from the French by Tom Kempinski, hinges on a slight story. Set in Paris in a men's tailoring workshop, it traces the lives of the five women employed there, as well as the Jewish boss and his wife, Madame Helene, from 1945, the year of the liberation until 1952. Apart from the day-to-day irritations and incidents, intensified by the atmosphere of post-war France, the frail labour conditions, and horrific stories of displacement and deportation — for after a short while it emerges that it is almost more of a Jewish play than a French one — the action gradually focuses on the plight of Mme. Simone, mother of two boys, whose husband, a Romanian Jew, and stateless person, has not been returned since he was taken in 1943.

Simone, a stoical, reticent woman, spends her spare time trying to find news of her missing husband, while the others variously contribute to her plight, or react to the progress she has made. Finally, four years after beginning, she obtains a death certificate, which given the bureaucratic chaos, is no mean feat and which entitles her to a pension. This provokes an impassioned outburst from Mme. Helene, who does not want the Jewish dead forgotten (the certificate makes no mention of the cause of death).

Leon, the boss, is all for forgetting the past, but his wife cannot. Simone decides not to remarry, and devotes herself to working and caring for her sons until she falls ill; inconclusively the play is brought to a close with the appearance of one son dressed in a girl's overcoat sent as a gift from the U.S.

As this is primarily a study of character, and the interactions of people at work, one does not miss any strong conclusion. Grumberg writes warmly, with a good eye for the details of tailoring, able to make the most of the humour and atmosphere the profession supplies in quick and lively sections. The character of Leon, who explains just before the interval how he survived the war and tried to save the life of a German soldier, is richly explosive. Each of the ten scenes is introduced by Brechtian titles on a screen: this contradicts the arousal of sympathy, which is Grumberg's first intention, though it provides breaks which emphasise the careful craftsmanship.

Lynn Farleigh — *Leonard Burt*

Lynn Farleigh as Simone has little stated with which to establish the progress of inner grief over her loss, and brings dignity and understanding to passages of moving silence. Caroline Hutchison, as the tense, black figure of Mme. Helene, and Jennifer Piercey and Georgine Anderson, as the two middle-aged seamstresses, Sandy Ratcliff as the tarty button-holer, Brenda Cavendish as Marie and John Levitt as the presser, create together a vivid work picture, with sharp individual features.

Cinema development at the ICA

The Institute of Contemporary Arts has announced plans for converting its existing cinema into a facility which will reflect developing interest in independent film-making, video, Super-8 and television work and which will also house Britain's first public-access video library—ICA Cinema and ICA Cinematheque.

At the same time two major funding bodies have announced grants to the project. The British Film Institute is to give £60,000 and the Greater London Council is making a capital grant of £20,000.

EDINBURGH FESTIVAL

The Tarnished Phoenix/Mime

by MICHAEL COVENEY

Saint Cecilia's Hall is the most gentile of Edinburgh venues. Tea and biscuits, ladies in hats, personal appearances by big stars on their best behaviour. *The Tarnished Phoenix*, even though it is a compilation of poems and letters by D. H. Lawrence, is just the thing. Ian McKellen, who has recently completed a performance of Lawrence on film, comes on clean-shaven and casually dressed.

After a studiously coy few words of introduction, he is joined by Sheila Allen, a late replacement for Janet Suzman as Frieda.

At least Roger Pringle's loose-leaf reading avoids the patronising class-room manner of Richard Hoggart's recent Lawrence play. This is done by consigning bard information to the minimum and allowing Lawrence and Frieda to speak for themselves. It is, of necessity a partial view of their relationship, concentrating on the endless travel and what a great genius he was. The crux seems to come in a letter written from Italy in 1914, where Lawrence offers a blueprint for marital bliss that sends a shiver down my spine. Don't worry about your career or paying the mortgage; just learn to live with your partner's estimation of you. That sounds all right if you happen to be a saint or a genius.

The poems were beautifully read by both actors, Miss Allen finding much bounce and variation for "How beastly the bourgeois is" and Mr. McKellen battening down the hatches in "Snake" and "There are No Gods."

For the benefit of John Knox, we had "Conundrums," the poem written after the suppression of *Lady Chatterley's Lover* about sex being all right as long as you don't talk about it. Few shock waves, though. The ladies in hats were still smiling.

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The Moving Picture Mime Shows at the Moray House Gymnasium are much improved since I first saw them. On Wednesday afternoon they performed a new piece, *City Limits* that was a vivid and semi street scene for the three tumbling, clucking young boys.

It needs cutting by 15 minutes, but there is a really clever interweaving of four narrative mimes. We see the world going to work, shoving and pushing on the tube, clocking on, attending board meetings, running messages. At home, a mother pursues a slippery infant along a high-rise ledge. One sequence in particular stands out, a traffic snarl up with the screeching and honking done in a vocal travesty of the Blue Danube Waltz.

Jazz festival at Edinburgh

Last year for the first time a jazz festival was organised in Edinburgh during the city's annual festival of "more serious" culture. Scottish brewers Drybroughs decided to risk backing it because, to quote the company's marketing director, "we knew that the very atmosphere, the fun, the bonhomie of traditional jazz was much in keeping with the Drybrough name and the reputation of our beers and our pubs."

Thus Drybroughs are backing Edinburgh's second international jazz festival from August 24-28. It is broadening its wings geographically and stylistically but will retain the emphasis on "hot" traditional jazz and undiscovered musicians.

From last year's festival, the Parisian quartet, L'Orpheon Celesta return with European neighbours, Waso, the Belgian gypsy band who follow in the tradition of Django Reinhardt, along with Denmark's Bourbon Street Jazz Band.

Also back from last year are the Savannah Syncopators, Kid Dawson's Onward Band from Newcastle and George Penman's Glasgow band with vocalist, Fiona Duncan. This year also sees bands from London: The New Era Jazz Band and the quintet of clarinettist Sammy Rimington.

Edinburgh's own bands feature strongly and include the Old Baileys Jazz Advocates and the Society Syncopators who played at last year's traditional jazz festival in Sacramento, California.

The Festival opens on August 24 at 4 p.m., with a marching parade down Princes Street led by Andrew Hall's Society Band.

Elizabeth Hall

Summer Music

Wednesday night's recital in the Summer Music series restored Rosalyn Tureck, the harpsichordist, following her piano concert the previous night. She alternates keyboards just as she pleases, but can always put forward ample justification for her choice. She occupied the first half of the concert in further performances of Bach (on whom she concentrates exclusively)—a selection from the *Well Tempered Clavier* and the *Italian Concerto*. The remainder of the programme was given over, with an inappropriateness richly in the spirit of current South Bank proceedings, to Messiaen's *Quartet for the end of time*.

Miss Tureck is not so absolutely irreplaceable a harpsichordist as she is a pianist. The previous night's sublime communings were not approached; her style of performance and the mental penetration of the music did not on Wednesday have that earlier distinctiveness. What before had been boldness, even a special masculinity of spirit, persuasively vindicating itself, melting easily into a lyrical line, now often struck one as just brash, captious, over-assertive. Tempi approximated much more to conventional levels; a conventional quota of finger slips occurred too in contrast to Tuesday. Miss Tureck retained her individual practice of playing all repeats, but did that with customary sensitivity.

The C minor Prelude and fugue (Book 2) yielded much in proportion as it received an effectively slow pacing. The registral changing and forthrightness of her *Italian Concerto* first movement (the two came memorably together at the recapitulation) and the intense elucidation of the *cantando* slow movement were impressive and enjoyable.

Miss Tureck remains one of the best harpsichordists of the day. But nothing on Wednesday rivalled the transfiguration of a moment in the adagio of the piano concerto when her two hands, perfectly attuned, seemed to be travelling to separate spheres.

In the Messiaen Quartet the problem was, as usual, to contain celestial aspiration. Stephen Kate's cello solo *Louange à l'éternité de Jésus* rightly bodied the utterance by indulging its Messiaen-like, Fauréesque sentimentality though Emanuel Ax's accompaniment achieved a contrasting incisiveness.

PAUL DRIVER

Radio 3

Rubbra's new symphony

In a single movement lasting barely a quarter of an hour, Edmund Rubbra's eleventh symphony is the only BBC commission to receive its first performance at this year's Proms. It was the central work in Wednesday's concert by the BBC Northern Symphony Orchestra: the conductor was Nicholas Cleobury.

At a time when the faithful band of Rubbra admirers is beginning to get something of his large output on to record, the BBC's support was well-judged. Those who follow the composer as much because he preserves the conservative values of tonal music as for the intrinsic quality of his work are unlikely to have been disappointed by the new symphony. There are the familiar virtues of unexceptionable taste and easily generated lyricism, of melodies that seem able to sustain themselves indefinitely, and the equally familiar distrust of show, an introspection that refuses even to clothe the music in attractive orchestral colours.

Rubbra's recent music has tended to dwell upon the properties of particular intervals. Here the basis is the fifth, announced in the opening horn call and dominating every melody and accompaniment thereafter. Everything in the symphony grows out of those opening bars. There is a flow-fast-flow plan, the faster music a barely perceptible quickening of the basic pulse and more obvious for the sharper focus of its rhythms: the return of the slower music is foreshortened, and the symphony seems to end prematurely, before its themes have apparently reached a definitive shape. Apart from an elegantly turned oboe solo and some evocative horn writing—evocative, that is, of other composers, for Rubbra's lack of individuality remains a decisive weakness—the orchestration is purely functional. The symphony is recognisably English, and equally recognisably a product (just) of the 20th century: apart from those elementary classifications, its character would be hard to place.

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Reality keeps breaking in

THE ESTIMATES published yesterday for public borrowing in the second quarter of 1980 fall into what is now becoming a pattern of the early years of the present Government: policy decrees one outcome, but reality tends to deliver the opposite. Just as we have recently discovered that despite a declared policy of tight restraint for the growth of the broadly defined money supply, its growth has probably accelerated sharply, we now discover that public sector borrowing is clearly likely to accelerate too.

The figures, as always, are very hard to interpret. The financial markets have for some weeks been readying themselves for a PSBR of £10bn in the current financial year rather the official target of £8½bn—only a small rise from the out-turn last year. This now begins to look a conservative estimate. It is not just that the public sector has borrowed just over half the policy target figures in the first three months of the financial year—the quarterly pattern is not reliable. The reasons are also sadly suggestive.

Window dressing

It may be tempting to attribute the rise to the recession, which reduces revenue and increases expenditure; but there is precious little evidence to support this view in the monthly figures for central government finance which have already appeared. The recession, and especially the very sharp fall in UK energy demand, may help to explain disappointing figures for the nationalised industries, but no more.

The real culprits are familiar—public sector wages, overspending on defence, and over borrowing by the local authorities. A further, unknown sum can be attributed to the desperate window dressing seen last March, when, in an effort to produce a respectable figure for 1979/80 assets were sold, petroleum revenue tax was collected in advance, and the British National Oil Corporation sold oil forward. Most of these transactions leave a corresponding hole in revenue this year, and some major effects have yet to appear.

The Government's friends may wish to attribute all its difficulties to bureaucratic stonewalling, and call simply for tighter control of everything in sight; but the truth is more complicated and less flattering to Ministers. Too often, in their first year in office, they have willed the ends without bothering their heads about the means, like a general declaring that his strategy is simply to win the battle.

The difficulty is most readily seen in defence, where Government plans called simultaneously for expansion and for economies, and something had to give. It is perhaps more tellingly illustrated in local authority borrowing. It is Conservative council which have been unable to meet Ministerial demand for economy—not for lack of goodwill, but because the demands paid inadequate heed to the problems of authorities which were already running lean budgets.

Excessive

As with the money supply, the Government will probably feel compelled to treat bad figures as so much water under the bridge. The policy of rectifying the nationalised industry balance through large price rises has already attracted much criticism. It would be still harder politically to raise taxes or slash programmes while unemployment soars.

Ministers will no doubt comfort themselves with the thought that whatever the figures say, their policies are producing results. Sterling is strong, inflation is beginning to abate, wage bargaining is becoming more realistic, and investment remains surprisingly strong.

They should not be allowed this illusion. The present state of the economy is not the result of the Government's declared policies, but of what has actually occurred—a combination of excessive public sector financial needs (which are the total of borrowing plus asset sales) with some monetary constraint. High interest rates have protected the exchange rate, and, as a result, protected some of the real value of excessive wage increases. High real wages are raising unemployment and promoting investment—not in expansion, but in labour displacement.

These developments are not what the Government intended, and are not healthy. There may be good reasons for avoiding disruptive lurches now; but for the longer term policy changes are needed—the policy changes which will enable the Government to attain in reality the objectives it has laid down for itself.

The battle of the Channel

AMID ALL your sympathy for the travellers who got stuck on both sides of the Channel by the French fishermen's blockade, spare a thought for M. Joel Le Theule, the Minister of Transport. Left in almost lonely glory in Paris while most other Ministers are on holiday, he has been caught squarely in a welter of conflicting interests. The navy's reported move to clear the oil ports shows how serious the whole business may yet become.

The fishermen have asked for compensation for the ever-rising cost of their diesel fuel, subsidised though it already is. M. Barre, determined to administer the free market medicine, wants the rising cost of oil to percolate through to the last consumer. On top of that there is an old fashioned industrial dispute about manning levels.

Martyrs

In Britain, public opinion has been treated to a revival of the spirit of the Hundred Years' War, though the martyr this time is not a peasant girl from Loraine, but a tripper from Manchester or where you will. As a good Gaullist, M. Le Theule should be able to shrug off British woes.

But can he and M. Barre be detached about the hopes of re-election next year of their President, M. Valery Giscard d'Estaing? The fishermen's cause has been espoused by the Communist-led trade union organisation; other unions have joined in, so that the Left has been grabbing a few headlines. Whether France really cares during the August break is another question.

None of this is to say that the dispute should be taken lightly. Industrial strife carried out on the backs of others never is attractive. M. Le Theule knows: he was the Minister in charge two years ago when French air traffic controllers ruined many a holidaymaker's and business traveller's flight.

The fishermen's fight is a double one. In the area of Boulogne and Etaples there is a straightforward labour dispute. The Government has offered increased financial help to re-equip the fleet, providing the owners make economies. In practice that means reducing crews, which the unions are resisting.

Elsewhere inshore fishermen are involved, especially in Brittany, Normandy, and Corsica. These are traditionally conservative areas, though their relations with Paris can be prickly. The inshore fishermen are not industrialised: boats generally are family-owned and crews are paid by sharing out the proceeds of the catches. Many of them work from coasts heavily dependent upon tourism, which may explain why they were reluctant at first to join in the blockades.

Competition

Both kinds of fishing vessels get their diesel fuel duty free and subsidised down to a level where it costs less than half of what diesel fuel costs at a normal pump, like their confreres in Britain, they describe as cheap. For what it is worth, the British authorities some time ago came to the conclusion that the main EEC fleets are subsidised roughly to the same extent, though in rather different ways.

France does in fact import more than half of its fish, at a cost to the trade balance exceeding FFr 3bn (about £304m) a year. That is no small figure. Nor is the number of 23,000 persons employed in the industry, plus another 100,000 indirectly dependent upon it for work.

The real background to the problem is that the world has changed. With the introduction of 200-mile zones of economic management, ocean going boats from European ports have been driven back into European waters. The fight for catch quotas in the European Community shows that. Who can blame the French fishermen for reminding Paris of their worries under such circumstances?

An infant common fishing policy does already apply in the Community: limited funds exist to take some fish off the markets to support prices. But the last thing that is wanted is a Common Fisheries Policy to rival the perfectionism of the Common Agricultural Policy. Fishermen everywhere — not only in France — will have to adjust to the world as it is.

World oil market: from famine to feast

SUE CAMERON looks at the present softening of world prices for oil and oil products, and questions whether the good times can last.

SEVEN weeks ago, at midnight on July 4, UK petrol prices dropped by around 2p a gallon—to the great delight, but almost total bafflement of the average British motorist.

Only a year earlier he had been forced to wait in line for hours outside his local garage, praying that the pumps would not run dry before he reached them while simultaneously cursing the unprecedented heights that petrol prices had attained.

Between the middle of February and the beginning of July last year, average pump prices soared from 84p to £1.18 for a gallon of four star—an increase of over 40 per cent.

In the U.S. the panic over petrol supplies reached such proportions that some gasoline-hungry motorists chose to ride shotgun down the long queues that formed outside the pumps—latterday highwaymen demanding: "Petrol or your life."

Yet today the famine that faced consumers appears to have become a feast. Not only is petrol available in cut-price abundance all over Western Europe, but the market for other oil products is also weakening rapidly.

Mr. Peter Baxendell, chairman of Shell Transport and Trading, said yesterday that the world oil industry's stocks now stand at 5bn barrels—enough to last for 100 days and the highest level ever reached.

Demand and prices have fallen so sharply that major oil companies like Shell, British Petroleum and Esso now openly admit they are finding it cheaper to buy products on the Rotterdam spot market than to make them by processing crude through their own refineries.

The abrupt turn-around seems at first sight to lack both rhyme and reason—for there has been no major drop in world crude prices. But the most pressing question in the minds of most oil product customers—whether they be motorists buying petrol or industrialists purchasing fuel oil to power their plants—is whether or not the good times are going to last.

The evidence suggests that any heartfelt sighs of relief on the part of consumers could well be premature. The chances are that the pendulum will swing the other way with perverse speed.

Mr. Baxendell said that the reason the major oil companies were continuing to stock up on crude—in spite of the fall in demand for oil products—was that they did not want to "prejudice" their supply contracts with producing countries in case there might be another shortage. If they ended their contracts with the producing countries now—or cut back the amount of oil they were buying on contract—they might not be able to boost supplies later when they needed to do so.

Just as turmoil in Iran precipitated last year's oil crisis, so could action later this year by Middle East crude producers — notably Saudi Arabia — lead to a firming up of the oil products market this winter.

Mothballed plants

There are a number of reasons for the present softness of the market but chief among them is the recession that is taking its toll in both Europe and the U.S. Demand for products such as fuel oil has dropped away as manufacturers have been forced to reduce output, close plants and pare down their distribution networks. Meanwhile individuals have also been feeling the pinch and have been cutting down on petrol and heating oil.

BP Oil and Shell both say that overall demand for oil products in the UK has dropped by around 15 per cent compared with last year. The picture is much the same on the Continent except that demand there has fallen at a slightly lower rate.

Most of the major oil companies have now mothballed some of their older refining capacity in Europe and other plants are being treated to lengthy maintenance programmes. Industry experts believe that even when business starts to pick up again, some of the less economic refineries will stay shut.

But some products have been hit harder by reduced demand and falling prices than others.

● Jet fuel, for example, appears to be holding its own reasonably well and even on the comparatively cheap spot market prices have dropped by only some $10 a tonne during the last three months to $323 to $327 a tonne.

● Petrol demand is holding up well.

● Gas oil, used chiefly for heating, has fallen rather more sharply. At the start of the year the weighted average price of gas oil — taking in both spot and contract prices — within the European Economic Community — was around $312 a tonne. Today it can be bought for as little as $270 a tonne on the spot market.

● Fuel oil has suffered the biggest drop in demand and in price of all the oil products. It is estimated that demand has fallen by around 30 per cent in most European countries and there is little hope of it picking up substantially in either the short or the longer term.

● Naphtha, the most important of the petrochemical industry's raw materials, has fallen even further than fuel oil and seems set to continue its downward spiral. The spot price of naphtha is now about $100 a tonne lower than at the start of the year and the contract price is down by around $35 to $40 a tonne.

The fact that fuel oil and naphtha—both used primarily by industry—have borne greater drops in price and demand than some other oil products suggests that the recession is very largely responsible for the present state of the market.

But it is argued that conservation has also played an important part in bringing down consumption.

The Iranian revolution last year certainly led to a flight from oil and oil products and to redoubled efforts to save energy in all its forms. The drive to cut energy consumption has had some notable successes—such as the estimated 14 per cent reduction in U.S. oil imports and attempts to conserve energy in West have undoubtedly been one of the factors leading to the present drop in demand for oil products.

But the oil industry is extremely sceptical about the claims made by some of the "Save-it" campaigners. A senior executive in one major oil company commented dryly that while the U.S. may have reduced its oil imports, it also increased its domestic crude output during the last year.

In France, West Germany and the UK a number of power stations have begun to use coal instead of fuel oil and this has clearly had a bearing on the dramatic drop in fuel oil demand.

Plunging prices may be good news for consumers—but they are a real headache for the oil industry. Top executives in the major oil companies say tersely that they are used to peaks and troughs in their business. Oil they say has always been the balancing fuel — the one that consumers use to make up any shortfalls in supplies of gas or coal.

One oil products manager said that last year's fears over security of oil supplies had encouraged many commercial and industrial consumers to increase their stocks. In 1979 most companies probably had enough fuel oil in stock to keep them going for three or four weeks. Today they keep six, eight or even 10 weeks' supply on hand.

What the big oil companies would like to know is the rate at which their industrial and commercial customers are now running down their fuel oil stocks. The oil crisis of 1979 is fading from people's minds while the recession is bringing cash flow problems. The prudence engendered by the revolution in Iran could be thrown to the winds in the face of the present economic downturn. But the oil majors are uncertain as to how companies are reacting to these conflicting pressures.

They are much more confident about one of the reasons for the current drop in oil product prices. Lower prices are clearly a result of reduced demand—but the oil companies believe there is another factor in the equation.

Oil companies bypassed

They say that since last year many of the big oil-producing countries have been selling more of their crude through government-to-government deals instead of offering it to the oil companies. Shell estimates that the amount of crude going through government-to-government deals has risen by 3m barrels a day in the past 18 months. The sellers in these deals tend not to charge the premiums on their crude prices that they demand when selling to the oil majors. One country that has been selling more of its crude through government-to-government deals is Saudi Arabia, which is not only the biggest of the Middle East producers but also has a pricing policy that is more moderate. Saudi crude prices are still around $4 a barrel lower than most comparable Middle Eastern oils.

The major oil companies maintain that some of this comparatively cheap crude has been refined and has then found its way on to the spot market. Hence the unrealistically low prices being charged for some oil products at Rotterdam—or so the majors would argue. They argue that spot prices have fallen rather faster than contract prices.

Yet however attractive spot market prices may be, the quantity of oil and oil products passing through Rotterdam is comparatively tiny—between 5 per cent and 10 per cent at a generous estimate. If spot prices fall so low that the oil majors themselves find it cheaper to buy there than to refine their own crude—which is what is now happening—then sooner or later Rotterdam will be unable to meet their needs. And spot prices will start to rise again.

There are plenty of events on the cards that would all result in a return to higher prices—on the spot market and on contract—for oil products. Oil experts point out that the market is probably much tighter at present than it seems—partly because of the distorting influence of the relatively tiny spot market and its prices.

It would therefore take only a small hiccup in Middle East politics to send a shudder through the entire market. Once oil companies and oil producer consumers got wind of another crude shortage, prices would rise fast.

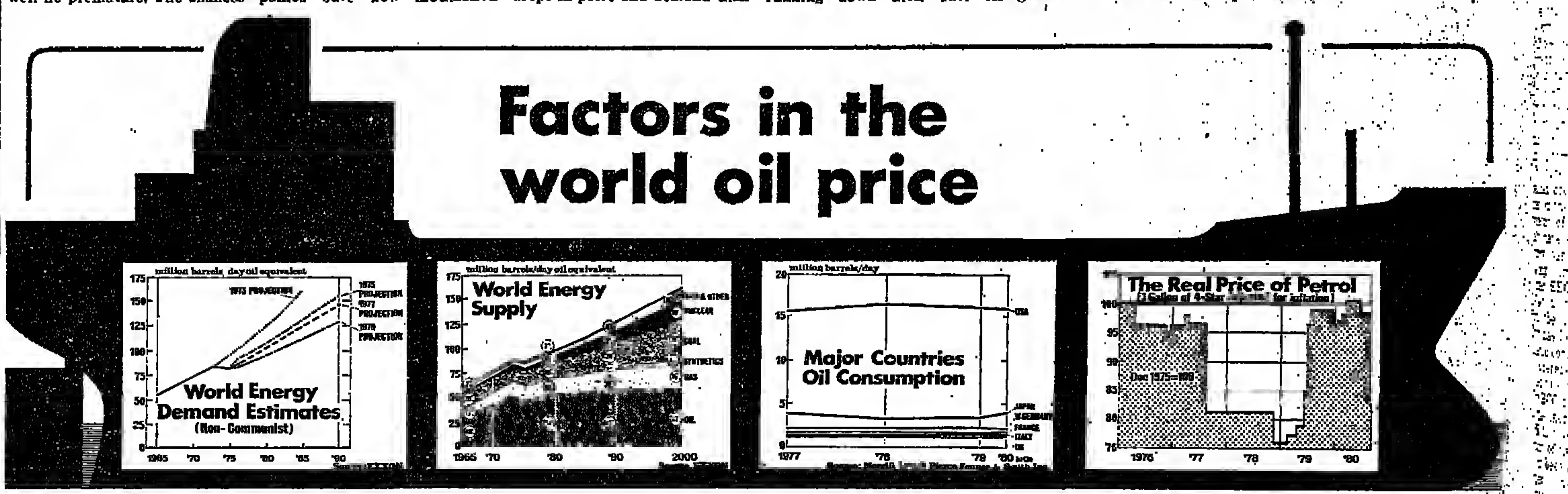
There is also the prospect of Saudi Arabia raising its oil price or else cutting back its production. The kingdom is maintaining its present high crude output of 9.5m barrels a day in an attempt to influence the pricing hawks within the Organisation of Petroleum Exporting Countries. What the Saudi authorities would like to see is a more cohesive and moderate pricing structure within OPEC.

But at the next OPEC strategy meeting—in November—Saudi Arabia may have to make some concessions to reach its objective. The most likely possibilities are a reduction in crude output or a rise in the current Saudi marker price from $28 a barrel to nearer $32 a barrel. Either would be enough to firm up prices in the oil products market.

This would not imply a return to the kind of regular and dramatic increase in oil product prices that hit the West last year. But it would put an end to the present downward slide in the prices of gas oil, naphtha and petrol.

There is little chance that oil and oil products prices in the West will follow the path of Icarus who flew so high his waxen wings melted in the sun so that he fell, crashing back to earth.

Factors in the world oil price



MEN AND MATTERS

Keeping home fires burning

Though faint by conventional standards, the glimmer of light emanating from the Bruno Electrical heater factory in Warwick shines like a beacon through the blackness enveloping the Midlands.

This modest little company, turning over around £1m a year on domestic heaters, is in the unusual position of having almost too much work. "Yes," says managing director Edith Lowy, "we are going full out. People have cancelled their holidays and the staff have volunteered to work through the August Bank Holiday to keep things moving."

"The good news is, there is bad news for the Kremlin somewhere . . . the bad news is we can't hear it!"

Almost apologetically, she explains that Bruno had to close its order books a fortnight ago, and with winter coming on and a bumper shipment of 67,000 electric fires to be sent to the Middle East, she does not expect to open them again until the end of November.

Mrs. Lowy, a trained institutional cook "on the right side of 50," is far too busy to ponder deeply on the train of events which brought her such success when all around is gloom. Since taking over the business on the death of her first husband in the mid-sixties she has retooled the works and opened up her main export trade with the Middle East.

Now running two shifts a day with her regular staff of 35—plus another 15 draftees from the Job Centre—she is wholly absorbed with the task of ensuring that her company's performance continues to match the promises she makes to win markets.

"Our advantage," she boasts with not a hint of doing-down the opposition, "is our reliability. We keep our promises on delivery dates." And she can afford to be gracious towards those who in the early days hampered her export drive. "I have never had any trouble dealing with the people out there, but when I first applied to go on an overseas trade mission six or eight years ago the British didn't want to take me because I was a woman."

Sporran partner

I am happy to say that the "working breakfast" is not yet a regular feature of British business life. For those of us from time to time dragged in to such an encounter, normally with an American visitor, it comes as something of a shock to the system.

Pity, then, my man to the festival city of Edinburgh, huddled behind the porridge and kippers yesterday striving bravely to keep pace with the energetic analysis of the American economy propounded at sunrise by Malcolm Forbes, editor and publisher of the immodestly-named business magazine.

Forbes is, of course, not short of pages in which to expound his *Weltanschauung*, so I will not risk duplication by going into too much detail here. Suffice it to say that his words feel like the sweet smell of bagpipes upon the ears of the Scottish Development Agency, as he expounded his views on how to attract investment into the tartan lands.

What's good for Scotland, Forbes argued logically, is good for the UK. With the U.S. recession prompting many corporations to shelve their plans for European plants, now was the time to catch their ear, he piped. With time to think, some might be persuaded to change the decisions they've already made and plump for Scotland.

Forbes finds time in his executive lifestyle for an impressive array of pastimes. He is a keen hot-air balloonist, and when not floating through the ether he hunts, sails, motorcycles, and has one of the world's largest collections of toy soldiers, which he marshals in a palace in Tangier.

Puffing away

Come dragons, paper tigers, or any other weird and wonderful banking beasties . . . true blue Barclays is undaunted. Vice-chairman Deryk Weyer yesterday jauntily shrugged off all suggestions that the new retail banking services of Red Dragon Securities and other parvenus might disrupt the calm of the British High Street.

"We are prepared to meet the competition head on," he boomed. "I'm a little cynical of all these red dragons and green dragons and others because I think they appear only when the interest rates are high.

"But they will disappear soon enough. As soon as the interest rates goes down, so will they. I've seen them come and go in the past, and they'll come and go again.

"Any more questions?"

Change of key

From my eyrie high in the vaulting of Bracken House, I have often in recent weeks peered down at the offices of neighbouring banker Singer and Friedlander. In those moments, I muse upon which happy suitor will bear it out of the arms of American insurance giant Marsh and McLellan, which acquired it through the recent takeover of Singer's parent company C. T. Bowring.

Marsh wants to sell Singer: and while Singer enjoyed a happy relationship with Bowring foreign parentage would put it beyond the pale of the elite Accepting Houses Committee through which the Bank of England bestows its blessing upon the choicest merchant banks.

Since the simple observation of visitors to Singer failed to yield any leads, I was unable to contain my curiosity any longer. What, I asked deputy chairman Peter Brackfield, is happening?

"There are," he replied, "negotiations in progress, and we are hopeful that before long we shall have new owners." The six months which the AHC gave Singer to find new parents or go out into the cold end shortly after the New Year, but Brackfield is now optimistic that a deal will be done by Christmas.

The interregnum has had "no perceptible effect on the bank's business," Brackfield told me. But where a resolution would be welcomed is among the bank's staff, who are understandably beginning to feel a little nervous about what will happen.

Brackfield would not be drawn into revealing just who had shown interest in the bank, but those more assiduous than I at observing the Cannon Street portals suggest that several foreign banks are hovering on proposals. It seems, however, that Singer itself would prefer a British owner, since that is a *sine qua non* for AHC membership. Nor, happily, is there yet any sign that "Marsh Mac" would force Singer into a marriage of convenience.

Thumbs down

"Hullo, old man. How's married life?"

"Can't complain . . . the wife is adamant about that."

Observer

Britain bounces back in Nigeria

Ian Rodger, just back from Lagos, reports that British companies have adapted to Nigeria's rapidly changing conditions and still hold more than 20 per cent of the market.

LAST WEDNESDAY Mr. Nigel Salmon, managing director of Guinness of Nigeria, was marooned in his brewery in a Lagos suburb as a rain-induced lake swelled in the surrounding streets for the 13th time this year.

"We survive on the assumption that things will get better," he said in a meeting that had become, perforce, a telephone interview.

Mr. Salmon was being too gloomy. In fact, most British companies in Nigeria, including Guinness, have adapted remarkably well in the past few years to rapidly changing conditions in black Africa's richest country, which is also Britain's most important export market outside Europe and North America.

Despite increasing competition, especially from Japanese, French and German companies, the British still have the largest share, more than 20 per cent, of a market that offers the magic combination of huge oil revenues, estimated at $27bn this year, and a large population, approximately 80m, to spend them.

The potential rewards are obviously very high and, surprisingly, the financial risks need not be that great. But the headaches involved in doing business in Nigeria are intimidating. In addition to bad drainage, businesses have to contend with irregular electricity service, poor telecommunications, an unusually fickle approach to trading regulations by Government and astronomical operating costs.

One banker estimated the cost of establishing a simple base—telephone, office and flat, five years' rent in advance, please—at £600,000. A long-established manufacturer in Nigeria lost its chief accountant last month because a competitor offered to double his salary to £38,000 and throw in a house, car and driver.

The British face the additional hazard of being punished occasionally for former colonial associations. Last year, the Government expelled BP, removed its deposits from the local Barclays Bank associate and excluded British companies from bidding on big federal contracts—all because of Southern Africa.

The past two years would have been trying anyway. Trading was choked off by a wide-ranging ban on imports and swingeing public spending cuts. Meanwhile, a determined military Government was forcing most foreign companies to sell a majority of the shares of their local affiliates to Nigerians at bargain basement prices and then not allowing them to repatriate the meagre proceeds.

Since the return to civilian rule eight months ago, trading conditions have improved and the British have bounced back with exports in the first half of 1980 returning to the more normal level of £552m compared with a disastrous £240.8m in the first half of 1979.

Most British businessmen in Nigeria really do expect things will get better still under a new Government that seems more eager to accommodate foreign investors than its military predecessor. And for those with patience and agility, new comers as well as established companies there may once again be great opportunities for profit.

Take, for example, the surprisingly promising case of Leyland Vehicles, which won a bid four years ago to become one of four so-called progressive truck manufacturers in Nigeria. The idea was that each would start out assembling imported knocked-down kits and add progressively to local content. In return, they would be well protected from import competition.

Leyland played along with the new Nigerian ownership policy, investing only £4.8m for its 40 per cent equity interest in the £60m project. Most of the funds for the project come from low-cost local loans. In return for its small stake, Leyland will sell £32m in kits from the UK this year and an estimated £80m next year.

In the new scheme of things, foreign companies understandably look more and more for deals like this and less and less at the stated profits of what have become their Nigerian associate companies.

Indeed, stated profits are not much help after the Government has restricted dividend payouts to 60 per cent of after-tax profit or 30 per cent of paid-up capital, whichever is larger. Dividend payments also face a 12.5 per cent withholding tax, rising probably to 25 per cent early next year, for payments abroad. On top of that, companies must then struggle to obtain central bank clearance to remit funds abroad, a process that can take more than a year.

Dividends can still be important in the few remaining sectors where the Government allows foreigners to hold up to 60 per cent of the equity, mainly companies in high technology industries.

One recent venture that falls into this category is a £20m glass bottle factory in which Metal Box has a 55 per cent interest and Japan's Toyo Glass 5 per cent. Toyo supplies the technology and the raw materials are obtained locally, so MB's only source of revenue from the project is the dividend. Of course, it also protects its position in a fast-growing packaging market.

MB's equity investment was about £3.7m and, after four years, the factory is beginning to produce reasonable profits, a little over £3m on sales of £20.6m in the year to March 31, 1980, and a £1m dividend was paid.

Adjusting to the new rules has been particularly challenging for the long-established coastal traders, among them Unilever's UAC of Nigeria, Lonrho's John Holt and Paterson Zochonis.

UAC of Nigeria, which had become accustomed to making a 40 per cent return on capital, suddenly found pre-tax profit cut in half in the year to September 30, 1979. In the same period, John Holt (Nigeria) plunged from a pre-tax profit of £5.7m to a £5.9m loss. Pre-tax profit of Paterson Zochonis Industries (Nigeria) fell from £9.8m to £5.8m in the year ended May 31, 1979.

All three were hard hit by the import ban and recession in Nigeria but they have also found that their traditional business of importing finished goods is becoming less profitable because of a variety of Government-imposed barriers.

John Holt faced the added complication of changing its motor dealership from Fords to locally-assembled Volkswagens after imports were banned. In the process, it also lost its exclusive franchise because the Government wants to see Nigerians, rather than foreigners, in the motor distribution business.

Inchcape's associate in Nigeria, Bewac, which used to have the lucrative Land-Rover franchise exclusively, has been similarly affected, and is scrambling to diversify after two years of losses.

The traders have got the message that the Government wants them to create more jobs and add more value through light manufacturing, and have moved quickly to comply.

Since the companies have only a 40 per cent interest in their Nigerian associates, the decision to invest profits in new projects rather than pay out bigger dividends (within Government guidelines) is usually an easy one. Moreover, bank borrowing rates are low and the banks, closely regulated by the Government, are eager to help.

As they move more into manufacturing, profits of the Nigerian associate companies will tend to depend more on the vagaries of Government tariff policy. The previous Government had an annoying tendency to remove vital tariff protection after using it to encourage industrial development. Many businessmen are disturbed by the current Government's tolerance of high levels of smuggling of consumer products.

Another factor is price control. Leyland delayed selling the output of its new Nigerian factory for nine months last year until the Government agreed to realistic prices for it. Although it is still unable to meet demand for its beers, Guinness profit will decline slightly this year because it was unable to get a price increase for two years. It was finally allowed 12½ per cent in June. The Government announced a few months ago that price controls would be removed but they remain in force because of a dispute between two government agencies on the implementation of new guidelines to replace them.

From the point of view of the British parent companies, the profit performance of these Nigerian associates is, of course, of less and less immediate concern. Their hope now is that they can make as much money exporting technology, management, raw materials and intermediates to Nigeria as they used to make out of exporting and selling finished products. So far, this year, the Nigerian associates have shown some recovery in their profits, while the British parent companies have been reporting major improvement in Nigeria-related business.

Another way companies maintain performance in Nigeria is to remove from their main Nigerian trading associate those operations in which foreigners can still hold a 60 per cent interest.

Berec did this two years ago and, in the past year its manufacturing company, in which it has a 60 per cent interest, doubled its pre-tax profits to £2.9m while the importing associate in which it has only a 40 per cent interest, suffered a 40 per cent drop in profits to £384,000.

While industrial companies should be able to adapt to new conditions in Nigeria, the outlook for foreign interests in Nigerian banks and insurance companies is less certain.

After accepting loss of equity control to Nigerians over the past three years, the major foreign banks, including Standard Chartered and Barclays, were shocked last autumn when the Government suddenly put its own nominees in the top executive positions. How long, they wonder, until the banks are totally nationalised? How long, industrial executives worry, until the Government starts appointing their executive directors as well?

Foreign companies with interests in insurance companies in Nigeria, such as Guardian Royal Exchange, Commercial Union, Phoenix and the Royal, have also had to give up equity control. The Nigerian associates have been ordered to direct more of their reinsurance business through Nigerian companies rather than through their London parents.

The new civilian Government is aware that new foreign investment has dried up as a result of the upheavals of the past few years and ministers have been saying recently that they want to encourage foreign investment again.

In its first budget last April, the Government seemed to be showing some proof of its good intentions with proposals to lower personal income taxes, raise permitted dividend payouts and increase the amounts Nigerian companies can spend abroad on technical fees.

With oil revenues running high again, the Government is gradually allowing the economy to expand and most businessmen expect favourable trading conditions for some time to come.

"We foresee cash starting to circulate at quite a high rate by November and December," Mr. Peter Best, deputy chairman of John Holt, said, "and we expect to have at least two good years."

However, the problems of high costs, poor services and bureaucracy will remain. As the floodbound Mr. Salmon put it: "Unless you have got a firm base, you can get discouraged."

SOME OF THE BRITISH COMPANIES ACTIVE IN NIGERIA

Leyland Vehicles

JOHN HOLT & COMPANY

Inchcape

The Metal Box Company Limited

Paterson Zochonis & COMPANY LIMITED

Letters to the Editor

The price of gas

From the Director, National Federation of Clay Industries.

Sir,—The letter (August 20) from Mr. J. H. Smith, deputy chairman, British Gas Corporation contains what appears to be sound sense if one really believes that in industries such as heavy clay and refractories could possibly risk wasting gas. At the prices which industry has been charged in recent years and the energy content of production costs averaging 25 to 30 per cent, and strong market resistance to any price increase from customers, how can it?

Of course it is difficult to establish precise figures for gas prices on the Continent, but Department of Energy must now surely have enough evidence to support our worries about increasing imports based on cheaper EEC energy prices.

What is wrong is that, for years, the industrial gas consumer has been subsidising the domestic consumer in this country, whereas the reverse has applied to other EEC countries.

The BGC annual report shows that the increased consumption in UK last year was largely on the part of the domestic market. This is because gas is so much cheaper than other fuels, whereas, as the Prime Minister said on July 17: "On the whole, gas prices to industry have provided the profit to the British gas industry."

Those of us who are so concerned for the immediate survival of large and important sections of industry ask only that we should be able to hold our competitive position. We agree that Continental prices will catch up one day and we are aware of the Russian, Algerian and Dutch demands quoted by Mr. Smith. If Government policy would give us a plateau while they do, we shall have what we want.

R. S. Redmond.
Weston House, West Bar Green, Sheffield, Yorks.

High energy costs

From the Director General, British Independent Steel Producers Association

Sir,—The deputy chairman of British Gas Corporation (August 20) properly endorses the "reasoned and unemotional approach" on energy costs in an earlier letter from Mr. W. Waldegrave, MP; but regrettably also supports the contention that no objective evidence on this matter is available. It also supports, at least by implication, the argument put by Mr. Waldegrave (and oft repeated by junior Ministers) that "it is essential to talk in averages"; talk, by all means, but what business or industry can live by them?

Detailed submission by the steel industry (public and private) on the energy pricing question were put to Cabinet Ministers on July 31 and were noted in your columns on the following Monday. Copies of these have now been sent to Mr. Smith and Mr. Waldegrave, and will I hope deal with some of the points they make. I would be grateful, however, if you would allow me to deal with the two specific points on which they are (I submit) both in error.

There exists a very comprehensive study, prepared by the EEC in Brussels, on prices of natural gas to all member countries, which is hitherto unpublished, but available to government departments. It is of very recent date, and makes every respectable intellectual attempt to compare like with like, breaking down so-called "industrial" users into seven main categories, and even ironing out currency disparities by the use of an index of "standard purchasing power." This study supports the case we make.

It shows UK energy intensive industrial user to be worse off in terms of current gas contracts than any of our main European competitors, even though the UK has indigenous resources greater than any other EEC member, and lands them solely in the UK. (This latter point would be relevant if we were actually charged lower gas prices, since no question of "discrimination" against other customers could arise, but as it happens, our current plea is that we should at least not be penalised by our own Government-directed policy of using gas as a tax collector.)

Perhaps the departments of state concerned will in due course pronounce on this study, and maybe it will not persuade them; but let it not be thought that such data is not to hand.

Now as to the use of "averages," this is the greatest fallacy in the current argument, lent credence by Ministers and energy suppliers. Old contracts are certainly cheaper, here and overseas, and new contracts dearer, and there is a patchwork of each kind. We maintain that current and future prices are adverse to UK bulk users vis-a-vis those with whom we are exhorted to compete. But the worst of these "average" concepts is that which lumps together within "industry," concerns to whom energy is little more than 1 per cent of total cost, with those to whom this percentage can be more like twenty five! What kind of animal is the average between "one horse, one rabbit," and what kind of policy can be constructed if such thinking persists?

A. H. Mortimer.
5, Cromwell Road, SW7.

Mortgage funds

From the Secretary General, Building Societies Association

Sir,—On August 18, Peter Riddell wrote that the Government "was considering ways of raising more money directly from the large, and rapidly growing, personal savings market. One idea under discussion was making the "granny bonds" scheme available to everyone." On August 20 your leader writer welcomed this news and suggested that a drive for personal savings would enable the Government to reduce its gilt issues by £2bn-£3bn. This, he said, "should bring substantial relief to industry at the cost of a little disappointment for house owners." I would like to examine the proposition and what the "little disappointment" could mean in practical terms.

In 1979, the net receipts of building societies totalled £3.3bn and during 1980 they have been running at about the same level. The bulk of the money attracted away by the Government would be likely to come from societies so we can see the effect if investors switched funds of the magnitude suggested.

Building societies have a heavy responsibility in the housing field which they cannot escape. Because of the Rent Acts, the supply of houses in the privately rented sector has dried up so people are forced to become (and remain) owner-occupiers. If the supply of mortgage funds also dried up the whole housing market would start to grind to a halt. House prices might fall in the short term but first-time buyers would be frustrated, existing owners immobilised in their homes and the building industry would run down even faster than it is at the present time.

The natural reaction of societies, if their funds are being attracted away, is to increase the rate offered to investors, and therefore the rate charged to borrowers, but there is no way in which they can compete with inflation-proofed Government media. Societies were offered the SAYE index-linked scheme but had to turn it down because of the cost.

All deposit-taking institutions will be disturbed by the thought that the Government may decide to increase its unfair competition in the savings fields, particularly a Government which is pledged to bring the rate of inflation down. Offering these palliatives at the expense of private institutions would look very much like condoning the disease.

Norman Griggs.
34, Park Street, Mayfair, W1

Savers and the house market

From the Economic Adviser, The House-Builders Federation

Sir,—Your leader "Savers and the house market" (August 20) leaves a number of vaguely defined but potentially important ideas hanging in the air, which need to be argued through to a more clear-cut, logical conclusion.

You imply that any attempt by the Government to introduce ways of attracting a much bigger flow of personal savings will end up being stifled at birth by the political priority given to building societies and the need for a low mortgage rate. You further argue that there is a "massive distortion" in favour of the building societies and the housing market, and presumably against the national savings movement or any similar vehicle which the Government might use to tap the personal sector direct; and that a more successful direct tapping by Government of the personal sector will reduce the constraints which the public sector borrowing requirement places upon the institutions and through which it crowds out funding for industry.

I am not aware of any serious objections which have been raised in the past to the introduction of aggressive but fair attacks on the personal sector from the national savings movement. True, there are always rumblings when with every upwards twist of the screw on minimum lending rate the Government announces yet a further juicy, tax-free issue of National Savings Certificates; but this has not prevented their introduction in the past and the objections are related more to the equity and accountability of the Government, in its "judge and prosecutor" role as both tax-gatherer and commercial operator, being able to set the rules on the tax liability of its own savings products, rather than to the existence of such competition in itself.

It is only natural, therefore, that the non-Government operators in the personal savings market should watch vigilantly, at the news that the Government is working on even better and bolder schemes, for any "thin end of the wedge" which would exploit the Government's privileged role to compete for funds unfairly and with hidden subsidies.

Which, of course, brings us to the second of your arguments, namely the "massive distortions" in favour of building societies—a familiar enough "canard" of which, I suppose, we must expect to hear more in the wake of the Wilson Committee et al. What precisely are you referring to here? The lower rate of corporation tax for building societies as non-profit-making mutual institutions—this is peanuts in terms of its effect upon competitiveness and hardly relevant to the national savings movement anyway (clearing banks, yes, but you were not discussing them). The composite tax rate—surely you are not still pursuing that boring old hare which Inland Revenue staffing considerations alone will not wear, and again hardly relevant to the national savings movement? Mortgage interest tax relief—ah well, there we do have the $64,000 issue which you do not specify or discuss. If you are worried about the distortive effect upon the relative attraction to the societies' savings products caused by this reduction in the borrower's price sensitivity, then say so and tell us what you would like to see changed.

But are you seriously implying that the borrower of the national savings movement's funds, ie, the Government, is seriously disadvantaged by the tax relief afforded to the borrower of the building society's funds, ie, the house purchaser? Again, the clearing banks might have a shout here (I do not happen to agree with it, though) but surely not the national savings movement?

And now to this seductive argument, so suddenly popular these days, that by tapping the personal sector direct the Government can somehow ease the "crowding out" pressure from the gilts market and release institutional funds for industry and so on. I fail to understand, in my simple and non-technical way, how such a switch in the focus of Government borrowing from long to short, from wholesale to retail, from institutions to individuals, will make one halfpenny worth of difference to the underlying flows of funds between the personal sector, which is the ultimate originator of all these funds with its net financial surplus, and the Government and corporate sectors. Indeed, read the excellent Stow report, from those "massively distorted" fellows at the Building Societies Association, for an insight (looked at from the reverse viewpoint of whether the societies should switch from individuals to institutions, from retail to wholesale funding) into why you cannot alter the fundamentals in the market with a few clever gimmicks.

There is only so much available from the personal sector and, however you tap it, any increase in demand must raise the price unless matched by a real increase in its supply, and that in turn will only come from a real change both in incomes and in preferences between consumption and savings rather than preferences between different savings products.

Jamie Stevenson.
82, New Cavendish Street, W1.

Today's Events

GENERAL

UK: Mass meeting of workers at Hoover's Cambuslang factory to consider proposed redundancies.

Fourth International Exhibition of Miniature Textiles (textile art) opens at British Crafts Centre, Earlham Street, WC2 (until October 4).

SPORT

Boxing: WBC Super Bantamweight Championship, Las Vegas—Wilfredo Gomez (Puerto Rico, holder) v Derrick Holmes (U.S.).

Racing: Goodwood; Newmarket.

Cricket: Prudential Trophy—England v Australia, Edgbaston.

Showjumping: Lambert and Butler Jumping Derby International, Hickstead (until August 25).

OFFICIAL STATISTICS

Department of Transport publishes new vehicle registrations for July.

COMPANY MEETINGS

Ariel Industries, Omoia Works, Mill Road, Rugby, 12. Brownlee, City Sawmills, Craighall Road, Port Dundee, Glasgow, 12. Lennons, Abbotswell Hotel, Crysalton Road, Chester, 12. McLeod Russel, Victoria House, Vernon Place, WC, 12. Newman, Dragonara Hotel, Redcliffe Way, Bristol, 12. Hopkinsons, George Hotel, St. George's Square, Huddersfield, 12.

COMPANY RESULTS

Final dividends: Second, Alliance Trust. Interim dividends: A1 Industrial Products, Alliance Trust, Bedford Concrete Machinery, Pentland Industries, Ward Holdings. Interim figures: Hallam Sleigh and Cheston.

MUSIC, London

Metropolitan Police Band plays in Tower Place, EC4, noon.

Cello recital by John Franca, St. Lawrence Jewry, 1.00 pm.

Canada's Famous Hart House Chorus: programme of folk-songs, contemporary Canadian music, negro spirituals and traditional choral repertoire, St. Michael's Cornhill, 5.30 pm.

Barclays Bank rises £33m and lifts interim to 9.25p

Barclays Bank yesterday revealed an increase of 13.5 per cent in group pre-tax profit to £279.1m for the first six months of 1980. Although this is an improvement against £246m in the comparable period last year, it represents a £4.3m pre-tax decline from the peak second half of 1979.

The interim rise compares favourably with two of Barclays' three clearing bank competitors: National Westminster earnings were up only 4 per cent before taxes and Midlands' profits dropped by 10 per cent in recent interim announcements. Only Lloyds, the smallest of the big four, did better with a 16 per cent midway increase.

Barclays' interim dividend is the most generous of the four major clearing banks. Shareholders are to receive 9.25p per £1 ordinary stock, a rise of 34.4 per cent over last year's interim (adjusted for a one-for-five scrip issue). NatWest and Lloyds put their interim dividends up by 20 per cent and Midland maintained its payout.

Sir Anthony Tuke, the group chairman, said yesterday that the slight fall in profits against the second half of last year was mainly due to three factors. Overheads (especially staff costs) had increased, funds had been shifted from current account to seven-day deposit and margins were squeezed and finally, provision for bad debts was significantly higher.

Bad debt provisions rose from £26.2m in the first half of 1979 to £64.4m this year. Of this increase, the charge for specific provisions almost doubled to £40.2m while that for general provisions nearly tripled to £26.2m. Barclays said that the rise in general provisions, mostly loans and overdrafts, was "purely on the rise in the balance sheet."

The charge for specific provisions was mainly related to manufacturing, construction and service industries in the North and the Midlands, according to deputy chairman Mr. Deryk Weyer. He said this was "generally symptomatic of a depression."

The general provision figure brings the total to £171m in relation to total lendings which have now reached £23.5bn.

Barclays also added yesterday its hope that recent signs of some slowing down in the rate of inflation in the UK would be followed by a reduction in interest rates. It was acknowledged that this would bring with it a fall in clearing bank profits, but the Barclaycard credit operation and Mercantile Credit finance house would benefit. The bank confirmed that the number of Barclaycard holders had risen to around 5½m, compared with around 5m a year ago.

Meanwhile, Barclays said that more and more customers were making use of overdraft facilities. Overall utilisation now stands at around 62 per cent compared with around 50 per cent at the start of the first half of 1980.

In addition, customers were becoming more interest conscious. Some 34 per cent of Barclays' funds were now held in seven-day deposit accounts, up from 31 per cent last year. Current accounts, however, had fallen from 39 to 36 per cent of total money.

In contrast to the UK Barclays International turned in 40 per cent higher pre-tax profits. This was due to an improvement in South Africa as well as better business in the U.S. and other areas.

On a current cost basis, Barclays' pre-tax profit was down 10 per cent at £145.9m. The group said this differed from the historic pre-tax level mainly because of a current cost adjustment of £139.8m for monetary working capital. The interim dividend becomes uncovered on a current cost basis.

Barclays' shares yesterday moved 5p upward after the interim figures were unveiled. They closed at 425p.

Lex Back Page

HIGHLIGHTS

Lex considers the interim figures from Royal Dutch/Shell and Barclays Bank. After currency and stock items Shell's second-quarter figures show an upturn of 18 per cent to £440m after tax. Like other clearers a large bad debt charge is evident at Barclays so that, while profits are ahead of the same period last year, they have eased back against the previous six months. Lex also looks at the deal whereby UDS will be getting out of mail order. Finally, Distillers' annual report was posted to shareholders yesterday and Lex comments on the group's outlook. Other major news items of the day include the liquidation of Northern Offshore, a support services company, and a £2m rights issue from ML Holdings. On the bids scene there was news of a break-up in the discussions between RCA and Associated Communications.

Distillers expects modest improvement

THE current year cannot be viewed as one of great promise and will produce no more than a modest improvement on last year's results, warns Mr. J. R. Cater, chairman of The Distillers Company, in his statement to shareholders accompanying the annual report and accounts.

Sales of Scotch whisky and gin have shown a not unexpected weakness in the first quarter, he says, adding that stock levels in most world markets were high at the outset and the general recessionary influence of high interest rates and pressure on disposable incomes has inevitably encouraged a policy of destocking.

As reported on July 18, group pre-tax profits rose to £193.9m in the year to March 31, compared with £180.1m and the dividend was lifted by 1p to 10.75p net with a final of 7.75p.

Shareholders' funds amounted to £847.5m (£738.9m) and cash and other liquid funds other than government securities £24.1m (£68.8m). There were long-term loans of £104.9m (£105.4m) and bank loans and overdrafts of £11.1m (£49.5m).

On a current cost basis, attributable profits are reduced to £65.7m (£67.9m) compared with a historic £148.3m (£120m). Although the dividend is adequately covered by the CCA profit, the increase in shareholder funds shown in the CCA balance sheet falls short of the estimated amount required to compensate for the effect of general inflation, states Mr. Cater. He adds, though, that the shortfall has been slightly exaggerated by the influence of VAT on the retail price index.

Mr. Cater again voices the board's strong reservations regarding the monetary working capital and gearing adjustments required by SSAP 16, which it considers inconsistent with other items in the profit and loss account.

Whisky shipments to the U.S. fell slightly during the year, although the group's share of the smaller market was increased.

Price increases have made Scotch whisk still more expensive to the U.S. consumer than North American spirits, says the chairman, and prospects for growth in this market are not encouraging.

He welcomes the Government's attempts to secure payment of refunds on cereals grown in the Common Market and used in the production of wisk exported outside the EEC. The group's share of the refunds due, which are of the order of £42-£44m for the past years and £20m for the current year, will make a useful contribution to liquid resources.

Meeting, Edinburgh, September 18 at 12.15 pm.

Lex, Back Page

Dale Electric £2m down despite second-half rally

ALTHOUGH showing considerable improvement in the second half, Dale Electric International, manufacturer of electric generating sets, reports a drop of £2m to £1.3m in pre-tax profits for the full year to April 27, 1980. On the first half, the figures had dived from £1.91m to £434,000. Turnover for the full year was also down, falling from £25.1m to £24.3m.

Despite its disappointing year, the board says the forward view on both sales and profits is good.

Commenting on the poor figures Mr. Leonard Dale, the chairman, says the group has had a tough, challenging year. Market conditions, mainly overseas, have been the most difficult for a decade. He adds: "We are not easily beaten and during the year we made changes to adapt to new market place needs and meet international competition head on.

"The first rewards of these changes can now be seen. The second half profits were double those of the first half. The current year's sales intake of Dale generating sets is 90 per cent greater than last year's at week 14."

He says the group's new products, the Dale 8000 generating set system, the Houchin fixed system and the convers "Cadet" alternator, are all doing well. The new Leeds factory, designed to enable the group to upmarket into high voltage generating sets, comes on stream in October.

After tax substantially lower at £668,237 (£1.68m), stated earnings per 10p share are 4.03p (12.34p) and the final dividend is unchanged at 2.735p for a same again total of 4.125p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Assd. British Eng.	0.13†	—	nil	0.13	nil
Barclays Bank ....int.	9.25	Oct. 20	8.88*	—	15.42*
T. F. Braine ....int.	1.5	Oct. 6	1.5	—	4.5
Broadstone Inv. ....int.	2.2	Oct. 6	2	—	7.35‡
F. Copson	1.2	—	1	1.2	1
Dale Electric Intl.	2.73	—	2.73	4.13	4.13
First Scot. Amer. Tr. int	1.3	Oct. 1	1.2	—	4.2
A. and J. Gelfer	2.2	Oct. 13	2.1	3.7	3.5
Herrburger Brooks	2.52	Oct. 10	2.1	2.52	2.1
Inv. Trust Guernsey int.	4	Nov. 3	2.5	—	10
Malaysiam Tin	4	Oct. 7	3.25	4	3.25
Moran Tea	3	Oct. 2	5	8	10
Noble and Lund ....int.	0.18	—	0.16	—	0.42
R. and J. Pullman	3.97‡	—	3.21*	5.44	4.52*
Reliance Knitwear	1.56	—	2.15	3.1	3.69
J. Saville Gordon	2.4	Oct. 31	1.94	2.93	2.44
Westwood Dawes ....int.	nil	—	1	—	2.5
Wm. Whittingham ....int.	2.25	Nov. 3	2	—	6

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue.

● **comment**

Dale Electric has been through a very difficult period this past year and while the pre-tax decline of 60.5 per cent is a poor showing, it is not as bad as that of others involved in the manufacture of generating sets. Petbow, for example, scored a pre-tax loss of £900,000 in its last year-end results. The dropping away of key markets in Iran, Nigeria, Iraq and Turkey was a serious blow, but Dale now says things are re-opening in the first two. Recent orders from Nigeria and Iraq come to around £3.5m. Dale has a certain edge over competitors in that it makes custom-made generating sets which sell at premium prices. In addition, generating sets only account for around 55 per cent of group turnover so all the eggs are not in one basket—aircraft ground equipment is a significant sector. Interest charges at Dale were up to £758,000 last year from £495,000 but the group's gearing is now around 30 per cent since its overdraft is down below £3m against last year's £3.5m. The dividend has been maintained, yielding 6½ per cent at 94p, up 2p and the fully taxed p/e comes out to 19.4—a level which hardly makes the shares look a bargain.

ML Holdings calling for £2m

A £2M RIGHTS ISSUE is proposed by ML Holdings, the aviation and signalling equipment engineer, which earlier this month announced a 23 per cent rise in profits to £1.03m for the year ended last March.

The issue, which is underwritten by stockbrokers Sheppards and Chase, is on the basis of one new share for every three held at 240p each. In the market ML's shares rose 37p to 355p.

Giving their reasons for the issue the directors underline the group's recent progress which has produced an increase in turnover from £12.3m to £19.8m in the last two years, mainly reflecting expansion in the defence business. This sector has continued to grow in the first quarter of the current year.

Production facilities at Slough have been, and will continue to be, increased by the acquisition of new plant and machinery, and a start will be made to re-equipping the ML Engineering (Plymouth) factory to provide extra capacity for its defence and aircraft industry work.

The company has also announced its involvement in the JP233 airfield attack weapon system currently under development for the UK and U.S. governments. ML Holdings will have a substantial part of the development of weapons dispenser for the project.

Initially the rights proceeds will be used to reduce bank indebtedness.

The directors *say that they* intend to at least maintain the dividend at 7p per share on the enlarged capital in the current year.

Dealings in the new shares start on Tuesday, September 16, subject to shareholders approving an increase in the capital at the annual meeting on September 15.

The annual report and accounts are expected to be posted to shareholders today.

● **comment**

When shareholders catch sight of ML's latest accounts they are likely to be presented with a sharp deterioration in the borrowing position. In March, 1979, ML was showing overdrafts of £400,000, debenture stocks and mortgages of £532,000 and cash of £530,000. Income gearing in the year was not heavy with pre-tax profits of £833,549 after net interest costs of £220,264. ML has not yet revealed its interest charges for the last financial year, but the pointer to its current debt level can be found in the statement that the proceeds will be used to "reduce bank indebtedness" initially. Exactly why short-term debt has risen so swiftly to over £2m is not obvious, but the cause is probably a combination of factors; an increase in defence work, fewer orders with forward payments, some capital expenditure and a general building up of working capital requirements. A 37p rise, where the fully taxed p/e is 18, seems a rather reverse reaction to the rights issue and the ex-rights yield is only some 3 per cent. The rating is asking for a lot from ML this year—perhaps too much.

Setback for Utd. Glass

AFTER £2.5m redundancy and other termination costs, and increased interest charges of £2.12m against £648,000, taxable surplus of United Glass—jointly owned by the Distillers Co. and Owens-Illinois of U.S.—slumped from £3.35m to £14,000 for the 28 weeks ended June 14, 1980. Turnover expanded by £16.35m to £95.29m.

The directors state that the under utilisation of facilities will continue to depress results during the rest of the current year and profit for the period will be substantially lower than in 1979 — pre-tax figure for that year was £10.92m.

After a firm start, demand for most of the group's products weakened and there are no signs of any early improvement, the directors say. As a result output was reduced which entailed a number of redundancies.

Whittingham rises midway

TAXABLE profits of William Whittingham (Holdings), property developer and photographic processor, advanced from £606,000 to £752,000 in the half year to April 30, 1980, on turnover of £10.76m against £8.13m.

Shareholders will not be disappointed with the results for the year as a whole, says Mr. John Wardle, chairman, but he warns of the difficulties faced by house buyers and thus housebuilders.

He adds that the poor summer weather at a time when spending power is reduced by a sharp economic downturn must have some effect on the photographic side.

First-half profits from property and development rose from £819,000 to £1.24m and the photographic division, which because of seasonal factors is normally expected to make a material loss in the first six months, produced a profit of £143,000 (£9,000). Investment income added another £136,000 (£108,000) but the taxable surplus was reduced by a jump in interest charges from £328,000 to £818,000.

The interim dividend is lifted from 2p to 2.25p net, absorbing £140,381 (£124,782)—last year, a total of 6p was paid from pre-tax profits of £2.21m.

Six months' tax takes £9,000 (£22,000) and minorities £45,000 (£1,000).

● **comment**

Helped by strong housebuilding margins, and an unusually temperate winter, development profits at William Whittingham are up by 52 per cent. With further rental growth from the industrial property portfolio and quite an acceptable return from colour processing in what had been the traditional loss making half, trading profits are ahead by two-thirds. Debt servicing costs, however, have risen sharply thanks to the increased cost of replacement land purchases and further warehousing investment. Moreover trading profits are unlikely to be so buoyant in the second half. The group believes the housing market will pick up quite quickly, perhaps by the turn of the calendar year, but if silver prices are now far more acceptable to the photographic business, the processing market is increasingly competitive and promotional costs are rising rapidly. Yet, given that a mainstream tax liability will not arise until next year at the earliest, the shares are discounting much of the uncertainty. The fully taxed historic p/e is 10.7 at 115p, up 3p yesterday, and the sum of the dividends paid over the last 12 months yields 7.6 per cent.

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Distillers
Export turnover increases to £386 million

Extracts from the statement by the Chairman, Mr. J. R. Cater, circulated with the Report and Accounts for the year ended 31st March, 1980.

General observations on results

Turnover and profits

Trading profit for the year increased from £173.9 million to £183.6 million but did not proportionally match the rise of 12.1% in total turnover excluding duty, demonstrating the adverse effect of a high rate of inflation on percentage margins. Special factors which depressed profits were the weakness of the dollar against the pound, which reduced the sterling value of dollar denominated sales, and the disruption caused by the strike at Scottish establishments in the autumn of 1979.

The volume of Scotch whisky exported by the Group was higher than in the previous year. The early months benefited from shipments delayed by the road haulage strike in January 1979 and performance in the quarter to 31st March 1980 was stimulated by sales to replenish stocks which had been heavily depleted during the autumn strike, and by sales made ahead of export price increases. Sales in the home market on the other hand declined. Gin sales made further progress in both home and export markets.

The Food Group's profits were reduced due to a disappointing performance by The Peerless Refining Company, but the Carbon Dioxide Company achieved profits in line with those of the previous year. 1979 was a difficult year for the associated company, United Glass, resulting in a fall of £2.1 million in our share of its profits. Exceptionally high market prices in the second half year encouraged the sale of 2.35 million BP shares giving rise to most of the surplus on realisation of investments.

Despite the increase in profit, the effect of stock appreciation relief has been to reduce the charge for taxation calculated in accordance with Statement of Standard Accounting Practice No 15. Extraordinary items include the surplus of £4.6 million on disposal of a leasehold interest in a property, formerly occupied by the Group but latterly sublet.

Dividends

The directors recommend a final dividend of 7.75p per share. An interim of 3.00p per share has already been paid making the distribution for the year 10.75p. Together with the associated tax credit the total distribution is equivalent to 15.35714p compared with 14.12047p per share last year.

Scotch whisky

Production

Although work at a number of our distilleries was disrupted by a labour dispute in the autumn, operations were generally maintained at levels of output designed to provide balanced stocks for projected sales. The relationship between inventories and sales was kept under periodic review and despite the difficulties of long-term projection we consider the forward position to be fully covered by appropriate stocks.

Blending and bottling production was maintained at satisfactory levels for the first four months but during August was adversely affected by industrial action in support of the annual wage claim. The action culminated in a major strike at all but one of our plants, which lasted until the middle of October. Following settlement of the strike, exceptional efforts were made to recover the lost production.

At Kilmarnock good progress was maintained in the construction of a new blending plant for John Walker & Sons and further expenditure on closely related ancillary equipment has been authorised.

The construction of a new maltings and barley storage unit made good progress at Roseisle, Morayshire. The large whisky warehouse site at Bonnybridge was brought into operation and further accommodation is under construction.

At Carsebridge an extension to our by-product plant was commenced which will modernise the existing installation and result in significant improvements in thermal efficiency. The rapidly increasing cost of fuel makes such economies in energy usage at all distilleries of particular importance and they continue to be the subject of detailed studies.

Plans for a modern cooperage were approved and construction was commenced at Dundashill, conveniently sited to supply Port Dundas Distillery.

EEC

In my Statement two years ago, following the EEC Commission's ruling against our dual pricing system handed down in December 1977, I outlined in some detail the reasons for the withdrawal of Johnnie Walker Red Label and Haig Dimple from the UK market and for the increase, by significant amounts, in the prices of certain other brands including Black & White and Vat 69. At that time I indicated that we had lodged an Appeal against the ruling. That Appeal has now been concluded. An oral hearing took place in Luxembourg in January 1980 and the Advocate General gave his opinion on 12th March. He recommended that the Appeal be dismissed on the technical ground that we had failed properly to notify the dual price system but he considered that the Commission's ruling could not be upheld on the substantive issue, and that a form of dual price system could be justified. On 10th July the European Court delivered judgment. It followed the Advocate General's recommendation on the question of notification and rejected the Appeal but expressed no view on the substantive issue.

Last year I commented that the brands affected by our decision of December 1977 had benefited from an improved level of sales in continental EEC markets. In the year under review there was a continuing overall growth in these increasingly competitive markets, and both Johnnie Walker Red Label and Black & White achieved further significant gains in volume sales. We have, throughout the year, had to contend with difficulties created in certain other markets of the world by parallel export of our brands from the EEC. Although we strive to contain the problem, it has not proved possible to eliminate it and the flow of paralleled goods remained a matter of concern.

Over recent years there has been considerable growth in the level of sales of very low-priced Scotch whisky brands in the continental EEC markets. We are aware of the opportunities presented in this area but remain determined that these should only be exploited where they will show satisfactory profitability and where they can be met by products of the strict quality standards which are the basis of the longer-term success of our brands, and indeed of the industry.

Home sales

The inevitable consequence of the action we took in December 1977, following the EEC Commission's ruling, was a very sharp decline in our market share in the year ended 31st March 1979. The loss of a substantial volume of sales opened the door for a number of our competitors' brands to strengthen their position. The rate of decline was greatly reduced in the twelve months under review, although we have not matched the performance of the industry. The market remained a difficult one for our two major brands, Haig and White Horse, although the former attained sales well in excess of a million cases. Our policy remains one of maintaining a substantial presence in the UK while earning a satisfactory level of profit. Our two new brands, John Barr and The Buchanan Blend, continued to make some progress and the lower priced brand, The Claymore, again achieved a very significant increase in sales volume.

The figures published by HM Customs and Excise show that the industry's sales for the twelve months ended 31st March 1980 were marginally higher, by 1.7%, but the level achieved was inflated by buying in anticipation of the March Budget. That Budget imposed a substantial increase in excise duty on spirits relatively harsher than that applied to imported wine and moreover no concession was made in regard to a period of credit for the payment of duty. It is both disappointing and discouraging that the industry continues to be treated less favourably than other alcoholic beverage producers.

Export sales

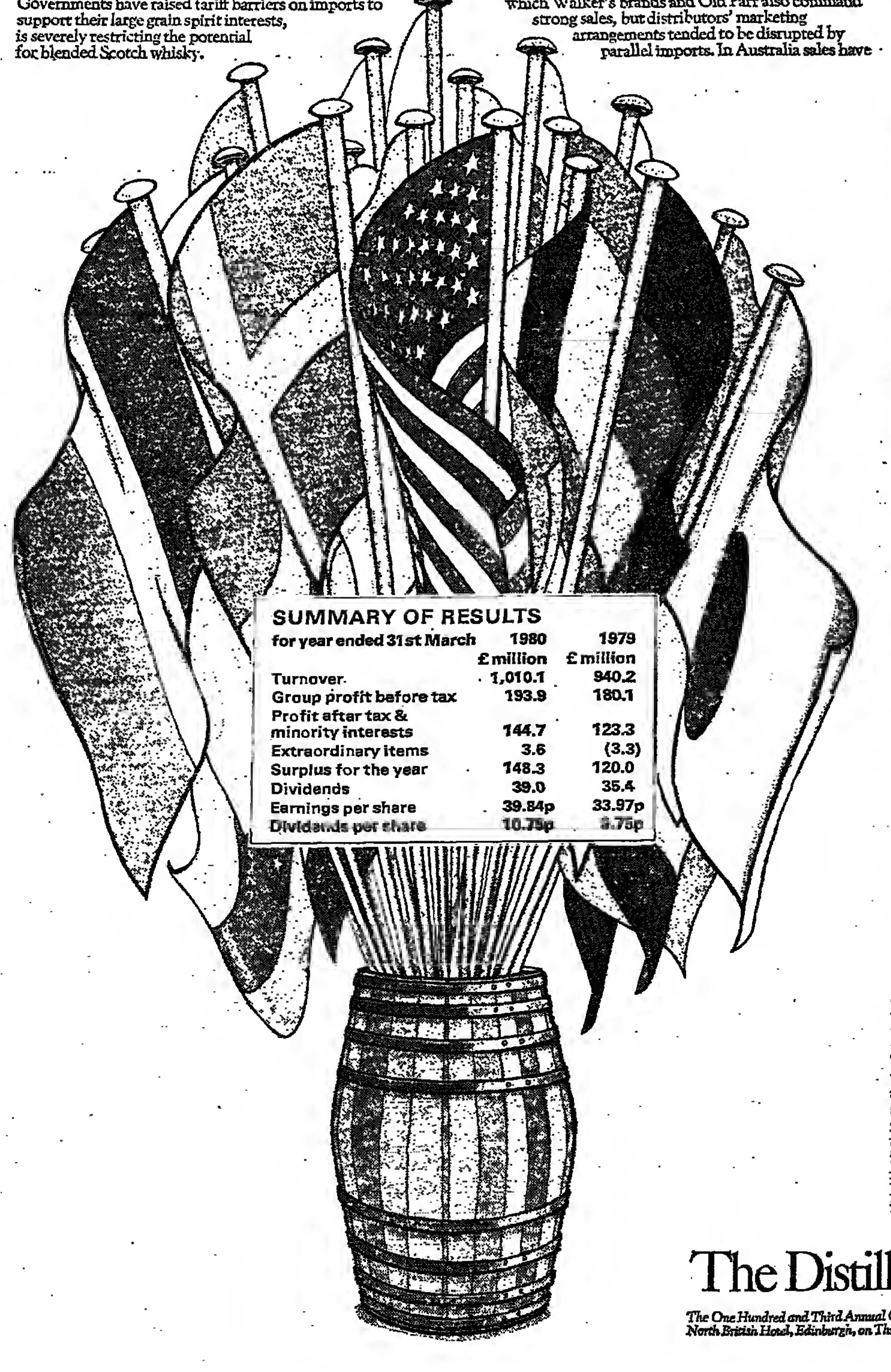
Industry shipments of blended Scotch whisky increased during the year by 5.5% and were at a level of 97 million proof gallons. Shipments of bulk malt whisky moved ahead dramatically with an increase of 21% and reached the high level of 10.3 million proof gallons. We remain firm in our belief that the export of bulk malt whisky is damaging to the long-term interests of the Scotch whisky industry and we continue to take no part in this sector of the business. We are nevertheless concerned that the continuation and proliferation of this trade, actively encouraged in a number of important markets where Governments have raised tariff barriers on imports to support their large grain spirit interests, is severely restricting the potential for blended Scotch whisky.

The volume of Group exports of blended Scotch whisky resumed its upward trend but again fell slightly short of the industry's increase in percentage terms. The strike in the crucial autumn period certainly caused some irrecoverable loss of sales to direct indent customers but in the main our distributors did not run out of stocks and our brands remained available to the consumer during the Christmas season. A factor that must be considered in examining this further marginal loss in market share is the growing volume of sales of very low-priced brands exclusively in the hands of our competitors.

Your Company's shipments to the United States were slightly down. However, our market share increased. Following the price increase of 12% in January 1979, the strength of sterling vis-a-vis the dollar led us to make a further increase in the price of bottled-in-Scotland brands, which are invoiced in dollars. This was essential to the preservation of even modest profit margins in this important market. The further increases in prices, introduced in February of this year, have made Scotch whisky still more expensive to the consumer than North American spirits and the prospects for growth are not encouraging as the US recession bites more deeply. We are nevertheless strongly placed with Dewar's White Label and Walker's Red and Black Labels in the UK-bottled sector, and with Vat 69 Gold and Usher's Green Stripe in the domestically bottled area.

In other markets John Walker & Sons had a very successful year with its Red and Black Label brands, maintaining its position as the world's largest seller of Scotch whisky. Macdonald Greenlees also had a particularly good year and its de luxe brand, Old Parr, continued to prosper and expand in a number of important markets. The Group's other main brands, each with individual appeal in various countries, continued generally to sell well.

The developing markets of Latin America showed most progress. After a disappointing first six months our trade with Venezuela held up well and good increases in sales were achieved in Mexico and in a number of South American countries. In most of the African markets our trade was satisfactory although our endeavours in South Africa were hampered by import restrictions which were not eased until January. White Horse consolidated its premier position in the expanding Japanese market, in which Walker's brands and Old Parr also command strong sales, but distributors' marketing arrangements tended to be disrupted by parallel imports. In Australia sales have not yet fully recovered from the 83% tax increase imposed in August 1978 but Johnnie Walker continued to lead in the market.



SUMMARY OF RESULTS for year ended 31st March	1980 £ million	1979 £ million
Turnover	1,010.1	940.2
Group profit before tax	193.9	180.1
Profit after tax & minority interests	144.7	123.3
Extraordinary items	3.6	(3.3)
Surplus for the year	148.3	120.0
Dividends	39.0	35.4
Earnings per share	39.84p	33.97p
Dividends per share	10.75p	9.75p

Gin

The new distillation complex at Wandsworth Distillery has been completed after delays caused by slow delivery of plant and adverse weather conditions. This additional facility for the production of grain spirit is being commissioned.

The absence of industrial disputes enabled the UK production of gin to be maintained at full capacity and output reached a record level. This high degree of activity was to some extent due to the need to replenish stock shortages, particularly in export markets, caused by labour problems last year, and world sales of Group brands of UK-produced gin showed a good increase.

In the home market, sales of Booth's and Gordon's began the year slowly but, with buying ahead of the Budget in June 1979 and again in March 1980, Gordon's achieved another record. In spite of an increasingly competitive market scene, it became necessary to raise the price of our brands of gin in July 1979 and again in February this year, to maintain profitability in the face of rising costs.

Exports of Group brands of gin from the UK during the year exceeded last year's record level but were inflated to some extent because distributors were rebuilding their depleted stocks following the industrial disputes of the previous year. Sales of Gordon's gin to the continental EEC markets in general, and to West Germany, Belgium and France in particular, did well. Group shipments to the West African territories and to Central and South America improved considerably. Tanqueray gin in the USA maintained a satisfactory rate of growth but, although future prospects remain encouraging, the prevailing recessionary conditions in that market are likely to limit further expansion in the short term.

Sales of Gordon's gin produced in the USA improved steadily but Booth's High & Dry, also manufactured there, failed to maintain earlier momentum. In the other markets in which our brands are produced locally, Gordon's remained strong in Spain and made progress in Venezuela and in the Caribbean Economic Community.

Vodka

Following the problems caused by the industrial disputes, the year started with a period of rebuilding reserves of Cossack for the future, and of restocking our customers. Sales in the home market, particularly in Northern Ireland, were higher.

In the USA sales of Gordon's vodka advanced quite strongly.

Other potable products

Cognac Hine again enjoyed an excellent year and achieved material increases, not only in sales volume and value, but also in overall profitability.

Fairly severe measures had to be initiated in Australia to achieve further economies. These involved the structural reorganisation of United Distillers Proprietary, which makes Australian whisky, gin and vodka, and Tolley, Scott & Tolley, makers of Australian brandy and wine. Both companies showed losses. The new measures are intended to achieve increased efficiency and to restore profitability.

Food group

The Yeast and Food Division made further progress as a major supplier of an expanding range of food products to the UK catering and baking industries and to other food manufacturers. Despite escalating costs and very competitive trading conditions sales volumes rose, assisted by the growth of the frozen food business on a national scale. Margins were generally maintained and an increase in overall profit was achieved.

The Peerless Refining Company had a very difficult and disappointing year. Output was restricted by production and labour problems during the first half and the improvement expected in the second six months did not materialise because of a fall in demand for oils and fats. These factors resulted in the first trading loss in the company's history.

Carbon dioxide

Sales of both carbon dioxide and engineering equipment were well maintained. Costs rose more rapidly than prices with the result that profits were slightly down.

United Glass

After an encouraging start to the company's current year, demand for its products slumped in the second quarter, and it has been necessary to cut back production and reduce employment in most areas of the company.

Personnel

I have referred elsewhere to the problems we faced because of industrial action at many of our plants in Scotland and I would be less than frank were I not to record the Board's disappointment in that regard. Nevertheless nothing should detract from the Board's recognition of the dedication, the commitment and the loyalty shown throughout the year by the majority of the Group's employees, to whom sincere thanks are due.

Future prospects

Sales of Scotch whisky and gin have shown a not unexpected weakness in the first three months of the current financial year. Stock levels in most world markets were, at the outset, high and the general recessionary influence of high interest rates and pressure on disposable incomes has inevitably encouraged a policy of de-stocking. The strength of sterling, as opposed to its relative weakness in the 1974/75 recession, must also militate against the probability of any rapid recovery in levels of sales. The current year cannot therefore be viewed as one of great promise and the accuracy of forecasting must be threatened by the play of many factors over which industry has little control. At this early stage, and recognising that the need may arise to review the position, I believe that there will be no more than a modest improvement on last year's results.

The Distillers Company Limited

The One Hundred and Third Annual General Meeting of The Distillers Company Limited will be held at the North British Hotel, Edinburgh, on Thursday, the 18th day of September, 1980, at 12.15 p.m.

Royal Dutch/Shell shows underlying advance

SECOND QUARTER net income of the Royal Dutch/Shell Group of Companies was £680m, compared with £710m last time, giving a figure of £1.4bn for the first half of 1980 — an increase of £70m over the same period of the previous year.

Adjusting for the effects of the FIFO inventory accounting method and the impact of currency translation and conversion gains, net income for the second quarter was some 18 per cent higher than in the corresponding quarter of 1979.

The increase in underlying earnings was mainly the result of the contribution from oil and gas production operations, offset to some extent by a marked fall in the earnings of the chemical business outside North America.

Reported net income for the second quarter and first half 1980 includes respectively, some £150m and £470m attributable to the FIFO method, rather than a method which matches more closely the current cost of supplies with current revenues. This compares with some £280m in the second quarter of 1979 and £415m in last year's first half.

Net income for the last full year totalled £3.05bn. Shell dividends amounted to 19.812p (adjusted 8.768p), which included a special 1.054p on the final settlement of overspill relief. Holders also received during that year 29.337p, being their entitlement deferred due to dividend restraint. Royal Dutch payments were raised to Fl 12.25 (Fl 10.75).

The interim dividends are normally announced in September.

	First half 1980 £m	1979 £m
Revenues:		
Sales proceeds	19,961	16,181
Sales taxes, levies	3,521	3,243
Leaving	15,440	12,938
Other revenues	300	366
Share of assoce.	404	318
Interest income	168	149
Making	17,312	13,771
Costs and expenses:		
Purchases and operg.	13,038	8,155
Selg., gen. and admin.	1,022	1,058
Exploration	205	163
Research and devlpt.	98	82
Depreciation etc.	527	414
Interest expense	214	169
Tax on income	1,650	1,287
To minorities	160	101
Net income	1,398	1,328

Capital expenditure for the half year rose by 35 per cent over last year's corresponding period to a level of £1.33bn (£0.98bn). This, together with an increase in working capital requirements of some £900m, has been financed from group resources.

Second quarter earnings of Shell Oil Company of the U.S. increased 47 per cent to U.S.$407m, with the advance mainly the result of the strong performance of its exploration and production segment. The earnings of the oil products side also showed an improvement over the corresponding period last year.

Mainly due to improved market conditions for oil products and chemicals, second quarter earnings of Shell Canada jumped 53 per cent to C$92m.

Outside North America, oil and gas operations continued to benefit from rising prices. Sales volumes of natural gas decreased by 9 per cent, while oil products sales fell 7 per cent, reflecting the continued general fall in industry demand.

Group companies have, in the main, recovered the increases in crude oil acquisition costs and the higher unit costs resulting from the lower volume of oil products sales.

However, with the continued slackening of demand and the crude oil cost advantage of some major competitors with access to Saudi Arabian crude oil, margins may be difficult to maintain.

Chemicals results fell sharply, in line with the downturn of the economy. Selling prices came under increasing pressure as sales volumes dropped substantially leading to lower plant loadings.

Crude oil supply in the first half of 1980 was 3.94m (4.6m) barrels daily, and crude oil processed 3.89m (4.17m) barrels daily.

Total oil sales were 4.61m barrels, against 5.43m barrels last time, while natural gas sales were 6.57bn (7.07bn) cubic feet daily.

Chemical sales proceeds totalled £1.74bn for the first half, compared with £1.51bn in the corresponding period of 1979.

Lex Back Page

Needlers downturn to £70,000 at halfway

Taxable profits of confectionery manufacturer Needlers for the 25 weeks to June 21 last dropped from £165,268 to £70,014 despite a £489,607 rise in turnover to £3.24m.

In his last annual statement the chairman warned that short-term profitability would be affected by the company's large investments in advertising, new plant and new products.

This programme, he now says, is placing the company in a strong position for the future.

"Our policies," he adds, "have enabled us to increase our market share during a period in which the industry has suffered a considerable setback. Turnover was up 14 per cent and we have been able to maintain full-time working throughout the period.

"We are at present short of certain products, which new plant now coming on to stream will remedy.

"Our second half is normally more profitable than the first half, and we are confident that this trend will continue—although we shall not reach the 1979 profit figure this year."

The pre-tax figure for the 25 weeks includes a contribution from Dickson, Orde and Co. which was acquired last April.

After tax of £12,200 (£297) attributable profit showed a fall from £164,971 to £57,814.

Earnings per 25p share are shown as 2.6p, against 8p.

There is again no interim dividend. For the whole of last year shareholders received a payment of 2.5p net from pre-tax profits of £321,000.

JOS HOLDINGS

In yesterday's year-end report of Jos Holdings, it was inadvertently stated that the company's bank interest charges rose from £191,000 to £296,000. This should have read £191 to £296.

Interim passed by Westwood Dawes

Structural and mechanical handling engineers Westwood Dawes and Co. has suffered a setback in the first half of 1980. And with little chance of an early improvement in conditions the directors feel there is no justification in declaring an interim dividend.

In the half year turnover rose from £1.16m to £1.36m. But tighter margins and rising costs cut the profit from £65,183 to £35,901, so the "reasonable half year" anticipated in February did not materialise. During the steel strike there were no orders from British Steel Corporation, which has long been a major customer.

After tax of £18,669 (£33,895), net profit is shown at £17,232 (£31,288) for earnings of 1.37p (2.48p) per share. In the year 1979 the company paid a total dividend of 2.5p (including an interim of 1p) from pre-tax profits of £122,000.

Saville Gordon ahead despite two strikes

DESPITE being seriously affected by the engineering strike in the early months and the steelworkers' dispute in the closing months, J. Saville Gordon Group lifted its pre-tax profits from £1.45m to £1.61m in the year to April 30, 1980.

But the effects of this long period of industrial strife are shown in the results of the metal trading and scrap processing division, where the surplus fell from £705,000 to £439,000 because of lack of demand and ever narrowing profit margins, states Mr. John D. Saville, chairman.

On the pipeline equipment and engineers' merchants side, though, profits rose from £745,000 to £1.17m, an increase of 73 per cent.

At midway, group profits before tax were up at £723,000 (£636,000).

The dividend is raised from 2.44p to 2.928p net with a final of 2.403p and a one-for-five scrip issue is planned.

Turnover went ahead to £26.99m (£21.14m) and net earnings, after tax of £383,000 (£239,000) were £1.22m (£1.21m), or 12.1p (12p) per share.

The current year started in a climate of recession which appears to have deepened in recent months, says Mr. Saville. While he admits that demand in most sectors is lower than it was at this stage last year, he feels it is too early to make a meaningful profit forecast.

● **comment**

J. Saville Gordon is possibly not worrying overmuch that, as a result of the steel dispute, the contribution from the metal trading and scrap processing division has fallen well below 50 per cent. The change in emphasis looks irreversible. The strike, however, did mean that the growth in what was going to be a very good year is confined to 11 per cent despite the 57 per cent upturn in the now dominant engineers merchanting business. Another unwelcome by-product of the dispute was a high year end stock position and an overdraft which had risen by well over £1m to about £3m. Successful attempts have since been made to cut inventories to more normal levels but the group is understandably anything but sanguine about prospects this year. Scrap processing ought, in theory, to recover now that industrial peace has been restored but BSC's marketing strategy is as yet hard to fathom. Merchanting sales have been holding up reasonably well so far but margins have been shaved and it is hard to determine whether the engineering industry is anywhere near the turn in the stocking cycle; interestingly, Saville Gordon would say that customer de-stocking has probably been pursued to the limit. The shares climbed 2p yesterday to 37p where the yield looks reasonably attractive at 12.1 per cent. The fully taxed p/e of 4.6, however, may still be rating the group solely as a scrap processor.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims— Al Industrial Products, Alliance Trust, Benlord Concrete Machinery, Pentland Industries, Ward Holdings.

Finals: K.O. Boardman International, Second Alliance Trust.

FUTURE DATES

Interims—	
Blackwood Hodge	Sept. 4
Bramall (C. D.)	Sept. 8
Dewhirst (I. J.)	Sept. 3
Hill Engineering	Sept. 26
Hyman (I. and J.)	Sept. 1
Jersey Electricity	Sept. 22
Lead Industries	Sept. 10
Rotork	Aug. 27
Final—	
Guinness Peat	Sept. 11

Gelfer slows in second half

DESPITE slowing down in the second half, during which pre-tax profits were £522,856 (£515,044) A. and J. Gelfer, tie and headwear manufacturer, increased its figures from £858,949 to £932,298 for the full year to March 31, 1980. Turnover was higher at £5.23m compared with £4.7m.

After tax, up from £293,722 to £459,787, stated earnings per 20p share are 0.0729p (0.0906p) and the final dividend is raised fractionally from 2.1p to 2.3p for a total of 3.7p net (3.5p).

Tax charged was higher this time due to the absence of tax relief—last year relief reduced tax by £150,900.

POLLY PECK

Acceptances have been received in respect of 92.2 per cent of the 2.1m new ordinary shares of Polly Peck (Holdings) offered by way of a rights issue last month. The balance, 162,606 shares, has been sold in the market and the net proceeds distributed to shareholders who did not exercise their rights. The issue raised £1.56m for the company.

Pullman profit reaches £2.3m

Taxable profits of clothing manufacturer and retailer R. & J. Pullman advanced to a record £2.31m in the 12 months to April 30 last—a rise of over 50 per cent, compared with the £1.53m surplus for the previous 13 months.

Sales, which rose from £19.3m to £24m during the period, were also a record.

At the mid-year stage pre-tax profits were ahead by £202,000 at £710,000 and the Board predicted satisfactory results for the year as a whole.

Attributable profit for the 12 months was £1.82m (£1.31m) after tax of £283,000 (£225,000).

A final dividend of 3.97p, makes a total of 5.44p gross for the year, compared with the equivalent of 4.52p for 13 months after allowing for the six for five scrip issue.

The dividend is covered 3.3 times by earnings.

Earnings per 5p share are shown as 13p (8.86p).

The Board says that during the year the group profited from its specialisation in certain areas of manufacture and retailing, such as furs and leathers and children's wear.

In spite of the strength of the pound, exports held up well at £4.4m, against £4.2m for the previous 13 months.

But it has not been possible to withstand the competitive pressures from cheap corduroy imports and this activity has been severely curtailed, the Board adds. The remaining general weaving and dyeing activities are under review.

Advantage was taken during the year of the sharp fall in leather and fur prices, and substantial stocks of garments and raw materials were acquired.

After a slow start to the current year, trade picked up during July and August and the company is hopeful of a satisfactory six months to the end of October.

● **comment**

Adding back the rationalisation costs in the corduroy division, Pullman has produced profits slightly above expectations. Corduroy used to be a money-spinner but foreign competition has pushed it into loss and complete closure of the operation looks possible. Elsewhere, however, Pullman continues to expand. The Ronald Joyce acquisition chipped in around £600,000 and the group believes that its balance sheet will support further purchases this year. The shift towards retailing which represented around 30 per cent of group business last year, seems soundly based in the long term given the incursions that foreign competitors will continue to make on the manufacturing side. After a period of stagnation in the mid-1970's, Pullman has regained its momentum and the p/e of 5.7 on fully-taxed earnings takes account of its recent trading and purchasing record. Up 2p at 48p yesterday, the shares yield almost 13 per cent.

Reliance Knitwear cuts dividend

DESPITE REPORTING a recovery in profitability in the second six months ended April 30, 1980, Reliance Knitwear Group, garment manufacturer, is cutting its final dividend from 2.149p to 1.56p net, making a reduced total of 3.1p per share, compared with 3.689p previously.

The directors comment that present order books are satisfactory, although margins are under severe pressure.

First-half profits had fallen from £350,000 to £223,000, but reflecting the second-half improvement, the full year's pre-tax result was ahead at £573,321, against £530,884. Turnover for the year increased from £15.67m to £17.91m.

Stated yearly earnings per 20p share rose from 5.66p to 6.46p.

The tax charge was down from £143,594 to £99,000. Extraordinary debits increased from £112,818 to £195,743 and arose from the closure of Cynat Products and the reorganisation of Barralan. Dividends absorb £227,649 (£270,902).

● **comment**

Despite a 27 per cent cut in Reliance Knitwear's final dividend, the shares gained 2p yesterday to 25p. The cut has nothing to do with current trading but reflects the board's feeling that the dividend rate had outgrown earnings progress. Even the cut dividend is covered less than twice. The 8 per cent rise in profits was achieved despite the well-known squeeze on margins by anguished retailers, but attributable profit was knocked down by the cost of closing Cynat and reorganising Barralan. Both were recent acquisitions but once the sportswear and camping equipment markets collapsed the company preferred to cut its losses. Chastened, it is diversifying into industrial clothing in another attempt to become less dependent on the retail clothing market. Borrowings were up slightly at the year end to 44 per cent of shareholders' funds, but they have fallen a bit since then. The immediate outlook is not exciting but the yield of nearly 19 per cent seems exaggerated. The p/e is 6.3 fully taxed.

Record year for Herrburger

CONTINUING the improvement seen at midway, when pre-tax profits rose by £66,371 to £151,755, Herrburger Brooks, manufacturer of piano actions, keys and hammers, added another £246,189 in the second half, finishing the year to May 31, 1980, with a record surplus of £397,944, compared with £270,240.

The directors warn that the improved results do not imply a comparable increase in earnings for the current year. They recognise that a period of recession is being entered, with inflation continuing at a high rate, and when reviewing the results concluded that a high level of cash retention was required to support the operating capability of the business over this difficult period.

But they add that their aim is to give shareholders a fair share of the earnings in so far as the future funding requirements of the company permit, and intend to increase the annual dividend from 2.1p to 2.52p net.

Should trading conditions improve, they will consider the possibility of introducing interim dividends.

Turnover of the company which is ultimately held by Kimhall International Inc. of Illinois, U.S., went ahead from £4.91m to £5.6m.

Attributable profits, after a tax charge of £40,141 against a credit last year of £16,512, finished well up at £357,803 (£286,752). Earnings are shown to have risen from 21.95p to 27.39p per 25p share.

Scottish & Newcastle confident of making hotels successful

BY RAY PERMAN, SCOTTISH CORRESPONDENT

AFTER CRITICISM from some shareholders, the annual meeting of Scottish and Newcastle Breweries yesterday endorsed the group's decision to buy Thorn EMI's hotels and restaurants for £23m.

Mr. Peter Balfour, the chairman, said the move was designed to reduce the group's dependance on the increasingly competitive wholesale beer market. The sale had been approved by the Office of Fair Trading and should go ahead without difficulties.

The purchase would make Scottish and Newcastle the third largest hotel operator in Britain, with considerable strength in the important London market.

In answer to criticism of the group's previous unsuccessful attempts at diversification and the poor performance of its existing hotels company, he said that Scottish and Newcastle now had the experience in management and marketing to make a success of the venture.

With its strong marketing organisation it would be able to improve substantially on EMI's room occupancy rate.

Some shareholders were, however, unhappy about the group moving away from brewing and thought that more attention should be paid to the marketing of beer. One commented that the proposal to finance the purchase by borrowing meant that £4m a year would have to be earned by the EMI hotels before there could be any profit.

In a statement on trading in the current year, Mr. Balfour said that although it had started well the general recession in the economy and the poor summer meant that business had been below last year's levels in June and July.

This was the general experience of the brewing industry and there was no reason to believe that Scottish and Newcastle was losing market share.

First Scottish American Trust over £1m

Pre-tax revenue of First Scottish American Trust Company jumped from £814,248 to £1.05m in the half-year to August 1, 1980.

Tax was up from £270,150 to £354,416, leaving net revenue at £696,577 compared with £544,098. Stated earnings per 25p share are 2.21p (1.82p), and the net asset value per share is 136.1p (117.1p).

The interim dividend is fractionally higher at 1.3p (1.2p)—last year's total was 4.2p from pre-tax revenue of £1.89m.

DRG (SA) improves

Despite a very competitive market, DRG (SA), the South African flexible packaging, plastics and stationery concern which is 70 per cent owned by the UK based Dickinson Robinson Group, improved pre-tax profits from R3.1m to R4.4m for the six months to end June, 1980. Turnover was up over 50 per cent to R45.1m.

With second-half results formerly better than those of the first six months, the Board estimates that full year profits will be more than twice those for the half year. Last year's total figure was R7.6m.

An interim dividend of 9 cents has been recommended from first-half earnings per share of 19 cents.

Broadstone revenue up in first half

After tax and preference dividends, revenue available of Broadstone Investment Trust came out higher at £473,025 for the first half of 1980, compared with £421,488, out of which the interim dividend, up from 2p to 2.2p net per 20p share, will absorb £300,420 against £273,109.

Last year's total dividend of 7.35p included a final of 4.35p and a special non-recurring 1p paid from an available balance of £1.05m (£778,000).

Gross revenue for the six months amounted to £760,614 (£720,327), tax took £267,464 (£278,714) and preference dividends cost £20,125.

Taking investments at market value total net assets were £27.14m as at June 30, compared with £29.21m, and given as 278.4p (197p) per share—comparative figure included 6.7p in respect of the full investment currency premium.

Northern Offshore is latest victim of submersibles slump

BY WILLIAM HALL, SHIPPING CORRESPONDENT

LIQUIDATORS have been called into Northern Offshore Limited, the biggest operator of mini-submarines in the North Sea. The company, which was established in 1973 in the British Virgin Islands by Mr. Maurice Pinio has 75 shareholders including North Sea Assets, Hogg Robinson and John Swire and Sons.

Mr. Guy Parsons and Mr. Richard Agutter, partners in Peat, Marwick, Mitchell and Company, were yesterday appointed joint liquidators. They said they were actively pursuing the orderly realisation of the group's assets.

Northern Offshore's collapse is the latest in a growing list of casualties in this highly sophisticated engineering field.

Over the last couple of years, Fred Olsen Oceanics of Norway has slimmed down its fleet and both P & O and Vickers Oceanics have sold off their loss-making fleets of mother ships and semi-submersibles.

Northern Offshore (NOL) was set up by Mr. Pinto, one of the founder investors in America's Sea Containers Group, and Burnham (International), an arm of the U.S. brokerage firm. In addition, International Marine Banking, part of Marine Midland Bank, provided support.

Initially, the company prospered. It participated in a joint venture with two Norwegian supply boat operators and shortly afterwards took a 23 per cent stake in Hispanoffshore, a Spanish supply boat operator.

After that projects came thick and fast and the company financed itself with a mixture of bank borrowings and frequent equity calls on its shareholders.

By 1975 it had built up an interest in 22 vessels and acquired a 60 per cent stake in a small company called InterSub which owned three submersible "spreads" which consisted of a mother ship and mini-submarine. At its peak the company employed over 500 people. NOL believed that this business, which was headed by a brilliant Frenchman, Jean-Francois Durand, was a major growth market and ordered another two spreads.

Northern Offshore went back to its shareholders for more funds to finance the expansion but they were starting to get uneasy about the pace of the company's growth and not all of them subscribed additional capital.

The supply and tug boat market was sliding into a serious recession, because of over-capacity, so the company decided to withdraw from this sector and concentrate on its submersible operations. But this simply made it more vulnerable.

By 1978 Northern Offshore, which operated out of Aberdeen and Stavangar (Norway), had built up a fleet of 7 support vessels, 5 mother ships and 11 mini submarines and was the acknowledged market leader both in terms of size and technology. But the company suffered two serious blows in that year. M. Durand, who had masterminded the growth of InterSub, was killed in an air crash, and the submersible market turned down.

In 1978 the group made a pre-tax profit of $0.8m but the combination of a depressed market and higher interest rates produced a net loss of $5.5m in 1979. Shareholder and bank support was quickly evaporating.

As recently as early last year, a $20m medium-term loan led by First International Bancshares had been oversubscribed. But when the group ran into financial difficulties late last year the shareholders and the banks were not prepared to provide additional finance.

NOL defaulted on payments of interest and principal relating to several of its borrowings and in May, 1980 the submersible operations and related activities, a substantial part of its overall operations, were terminated.

The collapse of InterSub proved to be the final straw and the liquidators have now been called in. The five mother ships and their mini-submarines are laid-up in Dundee and Gibraltar. A number of the support vessels have already been sold.

Meanwhile, the Northern Explorer, which is less than a year old, is still operating for Occidental and another sophisticated vessel, the Northern Installer, is operating in the Frigg Field on charter to Elf Aquitaine Norge AS. Both will be sold off, presumably to foreign interests.

One of Northern Offshore's shareholders last night blamed the group's demise on the National Enterprise Board's decision to help establish British Underwater Engineering (BUE) from the remnants of Vickers Oceanics, which only exacerbated the overcapacity in the submersibles market.

However, in common with the other casualties in the North Sea service market, Northern Offshore's biggest failing was that it was under-capitalised and tried to grow too fast too quickly.

BANK RETURN

	Wednesday August 20 1980 £	Increase (+) or Decrease (−) for week £
BANKING DEPARTMENT		
Liabilities		
Capital	14,553,000	
Public Deposits	36,416,159	+ 8,333
Special Deposits	—	
Bankers Deposits	878,539,314	+ 257,909,459
Reserve & other Accounts	446,163,455	− 19,776,134
	1,370,670,928	+ 238,134,667
ASSETS		
Government Securities	672,689,064	− 62,300,000
Advances & Other Accounts	472,333,080	+ 152,071,079
Premises Equipment & Other Secs.	201,624,445	+ 148,166,217
Notes	22,441,702	+ 6,099,065
Coin	206,637	+ 1,700
	1,370,670,928	+ 238,134,667
ISSUE DEPARTMENT		
Liabilities		
Notes Issued	10,300,000,000	+ 20,000,000
In Circulation	10,277,558,298	+ 13,900,935
In Banking Department	22,441,702	+ 6,099,065
ASSETS		
Government Debt	11,015,100	
Other Government Securities	8,448,411,476	− 81,722,414
Other Securities	1,840,573,424	+ 101,722,414
	10,300,000,000	+ 20,000,000

MINING NEWS

New projects in Colorado

BY GEORGE MILLING-STANLEY

TWO MORE U.S. companies with natural resources development projects in the state of Colorado are to follow the example set by Amax, and take part in the state's radical approach to granting companies planning permission, the Colorado Review Process (CRP).

The companies concerned are Rio Blanco Oil Shale, a partnership between Gulf Oil and Standard Oil of Indiana, and Multi Mineral Corporation, a subsidiary of the Florida-based Charter Oil.

In an effort to streamline the exploitation of the state's abundant natural resources, while at the same time maintaining the quality of the environment, the Colorado Department of Natural Resources set up what it called the Colorado Joint Review Process for Major Energy and Mineral Resource Development Projects, now known as the CRP.

The CRP is a kind of permanent planning committee, grouping the various interests of the three levels of government—federal state and country—in a committee which also includes representatives of the would-be developer.

The existence of the committee does not absolve the company from securing the host of environmental permits it needs before it can proceed with mineral development, but it does at least ensure that the same work does not have to be repeated several times over by the company in order to satisfy the differing requirements of the various governmental bodies.

Amax agreed to be the guinea pig for the CRP in order to obtain permission to develop a molybdenum deposit at Mount Emmons.

Mr. Gary Fisher, director of the CRP, said yesterday that the two new projects are both in the Piceance Basin in Colorado's Rio Blanco County.

Rio Blanco holds a lease on an oil shale tract, and Multi Mineral plans to develop an underground mining project for nahcolite. This substance is a form of sodium bicarbonate existing naturally throughout oil shale deposits, and is used as a scrubbing agent in coal-fired power stations. If this project goes ahead, it will be the first nahcolite mine in the U.S.

Gold and Base reaches settlement with Nigeria

THE SALE of 60 per cent of the equity in Gold and Base Metal Mines of Nigeria to Nigerians has finally been agreed after protracted negotiations between the Nigerian Government and the company's parent, the London-registered Gold and Base M...al Mines.

Since last October, the London company has been trying to obtain an increase on the Naira 1 (79p) per Naira 2 share price approved by the Nigerian Securities and Exchange Commission. This values the subsidiary at Naira 700,000 (around £550,000) which Gold and Base says is far below the true and fair value.

Efforts to have the offer increased culminated in a submission to the Nigerian Finance Minister in May of this year, and he has now ruled that the Naira 1 price should stand. Gold and Base feels that it has exhausted all the avenues open to it, and has therefore accepted.

This means that, subject to Nigerian exchange control approval, the sum of Naira 420,000 will be remitted to the UK.

The agreement also clears the way for the Nigerian Mining Corporation to incorporate Riri-wai Mines and go ahead with underground development. Riri-wai is to work the Liruie zinc and tin deposit in the country.

The development of the Liruie deposit will have the effect of releasing "substantial monies" to the Nigerian subsidiary, Gold and Base said. This should enable it to pay the outstanding dividends due to the parent. These sums will also be subject to Nigerian exchange controls.

Malaysiam Tin lifts dividend

THE SMALL London-registered Malaysiam Tin is to lift the dividend for the year to March 31 to 4p a share from last year's 3.25p on the back of higher earnings.

A sharp rise in investment income boosted the company's net profit to £54,067 from £38,405, giving earnings of 9.08p a share compared with 6.45p last time.

Malaysiam Tin has lodged appeals with the Government of Malaysia for the renewal of its mining leases. The company is receiving tribute payments from the concerns which are mining in the areas, but operations are being carried out on a reduced scale as a result of the rapid depletion of reserves.

The company expects a sharp decline in production over the current year.

SPAIN

August 21	Price %	+ or −
Banco Bilbao	228	+2
Banco Central	253	+2
Banco Exterior	212	
Banco Hispano	231	+3
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	278	+2
Banco Urquijo	139	
Banco Vizcaya	240	+2
Banco Zaragoza	215	
Dragados	102	−1
Espanola Zinc	67	+1
Fecsa	63.5	
Gal. Preciados	25.5	+0.5
Hidrola	69.2	
Iberduero	65	+1.8
Petroleos	113	+1
Petroliber	87	
Sogefisa	107	
Telefonica	62	+0.5
Union Elect.	67.5	−0.5

BIDS AND DEALS

GUS taking on Myers' business

GREAT UNIVERSAL STORES, the largest mail order operator in the UK, is to acquire all 170,000 agents and debt together with certain trading names of John Myers, the mail order subsidiary of UDS Group.

Mr. Harold Bowman, a GUS director, said yesterday that UDS had approached his group over a month ago about the deal which he described as "fitting in very well with our existing mail order business."

The acquisition will take effect from January 5, 1981.

In the last accounts, Mr. Bernard Lyons, chairman of UDS, which operates Richard Shops, John Collier, Alexandre and Allders department stores, said that for the past three years only modest profits had been expected from Myers.

While Myers' sales had increased 18.5 per cent in the financial year ending February 2, 1980 "the high level of investment in agency growth has by design meant that for the past three years only modest profits have been expected. The results for the year fell short of target and we are now looking for an improved return as costs level out."

Yesterday UDS indicated that sales at Myers had been running at £40m, although they had been loss-making. "For Myers to achieve the sales necessary to reach a satisfactory return on capital would involve additional investment which the UDS board does not believe would be justified."

The amounts realised from the sale, which will not be determined until early next year, together with proceeds from the disposal of other assets, "will be utilised more profitably in the expansion of other group businesses." UDS added that any benefits "will be reflected in the year commencing February, 1981."

The deal is understood to have received clearance from the Office of Fair Trading.

UDS acquired John Myers in a £10.5m share and cash deal in 1971. In March, 1970 UDS had acquired a 34 per cent stake in the Myers equity which it gained as a result of selling to Myers its own mail order business.

John Myers will continue to service the current autumn winter catalogue, and in January next year a new spring summer catalogue will be introduced.

BRITANNIA ARROW INCREASES HOLDING IN MINSTER

Britannia Arrow Holdings, the finance, property, publishing and distribution company, has raised its holding in Minster Assets, the insurance, investment and banking services group.

Britannia now holds 2.15m shares which represents 6.29 per cent of Minster Asset's equity. It previously held 5.63 per cent.

ASSOCIATE DEAL

S. G. Warburg and Co., as an associate of F. W. Woolworth and Co., on August 18 bought on behalf of a discretionary investment client, 100,000 ordinary shares of 25p of F. W. Woolworth and Co. at 54½p.

U.S. link for Dowty Fuel

Dowty Fuel Systems has entered into an agreement with the Chandler Evans Control Systems Division of Colt Industries (CECO), West Hartford, Connecticut, U.S. which grants to Dowty marketing and selling rights in CECO's control actuation systems—in particular the cold gas type of actuators used on such missiles as Copperhead and Tnw.

Dowty described the move as a major new expansion of its 24 year old relationship with Chandler Evans.

The new rights cover the UK and European NATO countries and include an option on an exclusive manufacturing licence for such systems in the UK.

Under the agreement CECO will provide support know-how to Dowty to enable them to design future variants of cold gas systems for new applications in the licensed territories. Work is already under way between the two companies to apply this technology to a number of potential projects.

PENNINE DYEING

hit textile industry are being saved by the acquisition of Allen Thornton and Sons, Huddersfield, by the Pennine Dyeing Group, with a total investment of £410,00.

Thornton has been a commission dyer and finisher since 1903, latterly as part of Yorkshire Fine Woollen Spinners. Pennine is owned by Lionworld Holdings, an international group currently following a policy of investment in British textiles.

DARES ESTATES/ STANHOPE GENERAL

The offer by Dares Estates for Stanhope General Investment Company has been accepted in respect of 1.27m (98.94 per cent) ordinary shares and 27,457 (91.52 per cent) preference shares. All conditions to the offer have been fulfilled, and the offer is now unconditional and remains open for a further 14 days.

The cash offer by Henry Cooke, Lumsden and Company was accepted in respect of 7.48m new ordinary shares of Dares, and this offer is now closed.

UTD. NEWSPAPERS

United Newspapers has completed the acquisition of J. Andrew and Co., publishers of the Ashton-under-Lyne Reporter and associated weekly newspapers.

The acquisition is expected to contribute about £150,000 to profits of United New papers in a full year. Consideration for the acquisition is 843,850 ordinary shares and £390,000 cash.

Expansion for Copson

TAXABLE profits of F. Copson, supplier of heating equipment and builders' materials, increased during the year to April 30, 1980, from £197,909 to £243,247.

Turnover for the year, exclusive of VAT and inter-company sales, rose from £5.64m to £6.16m and attributable profit increased to £119,248 (£101,707, including an extraordinary credit of £6,863).

After tax of £125,175 (£100,668) earnings per 5p share are given as 3.31p (2.63p).

The dividend is increased from 1p to 1.2p net.

Mr. F. Copson, the chairman, and his wife have waived dividends on 1.5m shares amounting to £18,000. Last year they waived dividends amounting to £15,000.

Braime lower

Pre-tax profits of T. F. and J. H. Braime (Holdings) fell from £215,586 to £166,621 in the half-year to June 30, 1980. Turnover advanced from £1.67m to £1.94m, for this deep drawn press work specialist.

The interim dividend is unchanged at 1.5p net per 25p share—last year's total was 4.5p from pre-tax profits of £317,000.

Massey Ferguson

AFFECTED by strong sterling, high interest rates and inflation, pre-tax profits of Massey-Ferguson Holdings, UK farm and industrial machinary subsidiary of Massey-Ferguson of Canada, fell by £1.3m to £2.3m for the half-year ended April 30, 1980. Sales went ahead from £256.5m to £301.7m.

In the second half, poor trading conditions in North America and other export markets, and the continuing strength of the pound, will seriously affect performance, the directors state.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	360	20	24	38	—	48	—	353p
Com. Union	140	33	16	38	13	44	—	159p
Com. Union	160	14	2	25	22	28	20	"
Com. Union	180	4	1	15	25	17	—	"
Cons. Gold	500	52	6	57	1	75	—	545p
Cons. Gold	550	17	58	35	—	—	—	"
GEC	460	62	—	94	4	114	—	505p
GEC	500	32	54	62	73	88	20	"
Grand Met.	140	25	70	30	3	35	—	162p
Grand Met.	160	9½	51	15	10	19	—	"
Grand Met.	180	3½	15	10	—	15	—	"
ICI	330	40	1	45	—	—	—	364p
ICI	360	17	10	31	5	38	—	"
ICI	390	5	—	18	—	26	—	"
ICI	420	1	20	—	—	—	—	"
Land Secs.	330	33	5	—	—	44	—	358p
Land Secs.	360	12	1	27	—	29	20	"
Marks & Sp.	90	12½	3	25	2	—	—	105p
Marks & Sp.	100	10½	28	15	2	19	2	"
Marks & Sp.	110	5½	72	9½	—	13½	1	"
Shell	420	22	9	42	—	40	—	422p
Shell	460	11	4	25	2	35	20	"
Totals			456		121		63	
		August		November		February		
Imperial Gp.	70	12½	2	15½	43	17	—	82p
Imperial Gp.	80	3	10	7½	8	10	—	"
Imperial Gp.	90	1	—	3½	168	8	50	"
Lonrho	80	12½	—	20	5	24	—	96p
Lonrho	90	5½	10	13	121	14	1	"
Lonrho	100	2½	2	8	52	—	4	"
Lonrho	110	1	—	5	61	—	—	"
P. & O.	120	14	5	21½	—	24½	—	135p
P. & O.	130	6	—	15	—	13½	2	"
Racal Elec.	230	72	4	84	—	95	2	292p
Racal Elec.	240	52	1	65	1	61	—	"
Racal Elec.	260	32	26	43	—	61	—	"
Racal Elec.	280	12	4	35	43	42	—	"
Racal Elec.	300	5	3	24	34	37	—	"
RTZ	330	142	18	150	—	—	—	476p
RTZ	360	118	—	128	—	145	—	"
RTZ	460	18	16	45	—	66	—	"
RTZ	500	2	—	25	4	44	—	"
Totals			185		498		63	

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1979-80 High	1979-80 Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
98	52	Airsprung	52	—	6.7	12.9	3.1
30	22	Armitage and Rhodes	22	—	3.2	14.5	1.4
167	92½	Bardon Hill	157	—	9.7	5.8	6.2
100	74	County Cars 10.7% Pf.	74	—	15.3	20.7	—
101	63	Deborah Ord.	96	—	6.0	6.2	10.5
125	88	Frank Horsell	125	—	6.4	5.1	8.0
123	62	Frederick Parker	79	—	11.0	13.9	3.2
156	90	George Blair	90	—	18.5	18.3	—
84	45	Jackson Group	83	—	8.0	7.2	3.2
153	108	James Burrough	123	—	7.5	6.4	10.1
302	242	Robert Jenkins	300	—	31.3	10.4	3.7
232	175	Torday	175	—	15.1	8.9	3.7
34	10	Twinlock Ord.	12½	—	—	—	—
90	70	Twinlock 15% ULS	85	—	15.0	17.6	—
56	23	Unilock Holdings	48	—	3.0	6.3	7.4
50	45	Unilock Holdings New	48	—	3.0	6.3	7.4
100	42	Walter Alexander	99	—	5.7	5.8	5.5
345	136	W. S. Yeates	245	—	12.1	4.9	4.0

† Accounts prepared under provisions of SSAP 15.

Armco diversifies with $314m bid

By David Lascelles in New York

ARMCO, THE seventh largest steel company in the U.S., is to extend its diversification into the financial services field by acquiring NN Corporation, a Milwaukee insurance company, for about $314m. Armco has thus snatched NN from Engelhard Minerals and Chemicals which bid $278m in June and was on the point of polling shareholders.

Under the terms of the Armco offer, each NN share would be exchanged for 1.5 shares of Armco, with provision for an upward adjustment in the price if the Armco share price falls below a certain level.

Pullman agrees to merger with Wheelabrator-Frye

BY PAUL BETTS IN NEW YORK

PULLMAN, the U.S. railway engineering concern which also designs and builds chemical and other processing plants, agreed yesterday to merge its operations with Wheelabrator-Frye in a deal initially worth $86m but which could eventually be worth $432m.

The merger of Pullman into a subsidiary of Wheelabrator will follow an initial cash tender offer by Wheelabrator for 2m Pullman shares at $43 a share.

This will give Wheelabrator an initial stake of just over 18 per cent in the railway engineering company.

But under the terms of the agreement, Wheelabrator will have a further option to buy an additional 2m Pullman shares together with the option to acquire up to 1.8m newly issued Pullman shares at $36.875 a share before the end of next February.

Moreover, the agreement gives Wheelabrator a cash option to buy all the assets and liabilities of Pullman's engineering and construction business for $200m.

The agreement ends months of speculation over the envisaged acquisition of all or part of Pullman by another major U.S. group.

The deal also represents a setback for the New Orleans energy engineering and construction services company J. Ray McDermott, which had sought to increase its stake in Pullman to more than 20 per cent by bidding for up to 2m Pullman shares at $28 a share.

But the Pullman board fiercely opposed the deal because it regarded the McDermott offer inadequate.

Until yesterday it was not clear which other companies were involved in negotiations with Pullman. Among these companies Enserch Corporation, a utility and diversified energy company, and Ashland, the largest independent U.S. oil company, were believed to be interested in making an offer for Pullman.

Wheelabrator, a fast-expanding manufacturer of pollution control and synthetic fuel systems, also with chemical interests, failed earlier this month to acquire Huyck Corporation, the U.S. paper clothing business. At the last moment it was outbidden by BTR, the UK rubber and plastic group.

Deere suffers sharp setback

By Ian Hargreaves in New York

DEERE and Company, the leading maker of agricultural equipment, yesterday reported a sharp setback in its third quarter earnings and Caterpillar Tractor, the world's largest construction equipment group, announced another sweeping round of redundancies.

Deere suffered a 3 per cent sales decline in the quarter to $1.36bn and saw net profits slashed from $97m in the same quarter a year ago to $27.7m. For the nine months sales were up 10 per cent at $4bn, but net income was down from $271m to $183m.

Deere, which has affiliates in Australia, Argentina and Turkey, said its overseas business continued to suffer substantial losses, while at home the severity of the recession for farmers had forced sharp reductions in production levels.

The company has also set lower production levels up to the middle of 1981, but Mr. William Hewitt, the chairman, said he was encouraged by the improved outlook for farm incomes in the U.S. stemming from recent increases in livestock and crop prices.

He foresaw little improvement in spending on construction equipment before next spring, which means operating results for Dere are unlikely to improve during the balance of this year.

On a dollar basis, farm equipment sales in the third quarter were up by 4 per cent to $1.1bn, but industrial equipment sales slumped by 32 per cent to $190m.

At Caterpillar, the process of building up stocks and satisfying orders after the almost three month strike in the U.S. at the end of last year seems to be virtually complete. As a result the company is to lay-off indefinitely a further 2,500 workers in the U.S., taking total layoffs to 5,700—more than 8 per cent of its U.S. workforce.

In addition, the company will shut down entirely in the U.S. for one week in November and expects "further adjustments" in its European production levels. Caterpillar workers in Britain are already on a four day week.

Caterpillar says it now expects unit sales this year to be lower than last year's strike-affected performance. Net profit for the year, it said, was unlikely to exceed last year's $492m.

U.S. Government backs Roan Mines' Eurocredit

BY PETER MONTAGNON

ROAN CONSOLIDATED Mines is raising a $30m Eurocredit to finance its copper and cobalt mining activities in Zambia. The credit bears an unusual feature in that it is backed by the governments of both the U.S. and Zambia.

The U.S. involvement comes with the position as guarantor of the Overseas Private Investment Corporation, a government agency whose support backs the credit with the full faith and credit of the U.S. Although details are not being disclosed, this rare guarantee should help the U.S. to secure supplies of cobalt, a strategically important mineral, as well as copper and lead.

Cobalt, the rarest of the three metals, has important industrial applications especially in the aerospace field.

Because of the U.S. backing, the credit bears a margin of only ⅜ per cent over London interbank rates for six years. This ranks it as a top quality risk in the Euromarkets and the margin is thus much lower than it would have been had the Republic of Zambia been the sole guarantor.

Chase Manhattan's London branch is acting as agent for the credit, while the bank's UK subsidiary, Chase Manhattan Limited, is lead manager alongside Irving Trust Company. Only a limited number of other institutions are being approached to participate.

Roan Consolidated is incorporated in Zambia but quoted on the London Stock Exchange. It is 61 per cent owned by the government of Zambia.

Earlier this week it reported a sharp fall in first quarter profits, down to kwacha 9.1m ($11.7m) from kwacha 33.3m. Although the situation is slowly improving the company has faced transport problems following the civil war in Zimbabwe. This slowed exports of both cobalt and copper. It also suffers from a chronic shortage of skilled manpower.

Temporary ban on Atco deal

By Robert Gibbens in Montreal

ATCO, a Calgary producer of prefabricated industrial buildings which also has drilling contracting interests, has run up against a serious roadblock in its C$500m ($430m) attempt to win control of Calgary Power, the principal Calgary electrical power distributor.

The Alberta Public Utility Board temporarily has banned Atco from going ahead with the purchase of Calgary Power shares pending the results of an investigation into all the issues involved. Atco said it would make a court appeal

Earlier this month Atco made a revised offer for 50.1 per cent of Calgary Power's voting shares at C$21 a share.

Shamrock buys stake in Tesoro

BY OUR FINANCIAL STAFF

DIAMOND SHAMROCK, a chemical and energy group, has acquired a 4.5 per cent stake in Tesoro Petroleum, another Texas-based concern which has been expanding its interests in recent years.

However, Diamond Shamrock has been rebuffed in its attempt to undertake discussions with Tesoro executives on a possible combination of the two companies.

Tesoro said yesterday that it had informed Shamrock that the company was not for sale, that it was inappropriate at this time for it to consider a business combination and that the best interests of the company and its shareholders would be served by Tesoro remaining independent.

But the emergence of Diamond Shamrock with a block of 630,000 shares—representing 2.8 per cent of the fully diluted Tesoro capital—is causing concern to Tesoro. It said yesterday it had requested its advisers to look into the matter in light of the unusually heavy recent trading in the company's stock. In the past month Tesoro's share price has risen from $20⅛ to $27⅞, which would suggest Diamond has spent some $13m to $17m for its holding.

Tesoro, which owns 36.7 per cent of Commonwealth Oil Refining Company, the bankrupt Peurto Rican oil refiner, derives around 55 per cent of its revenues from the refining, marketing and transportation of petroleum products.

For the year to September, 1979, profits totalled $59.3m from revenues of $2.37bn and for the first nine months of the current year it pushed up profits from $34.5m to $99.1m on sales of $2.6bn against $1.7bn.

Rally in dollar Eurobond prices

BY OUR EUROMARKETS STAFF

PRICES OF straight dollar Eurobonds staged a technical rally yesterday to finish with gains averaging about ⅜ points, but the reversal in sentiment was short-lived and the market closed with a weak undertone.

Impetus for the price movement came from New York where U.S. Government securities had moved markedly higher on Wednesday night. Dealers felt that this was little more than a reaction to recent weakness and as expected prices were already resuming their downward trend by yesterday lunchtime in Wall Street.

A significant feature of the Eurobond market was the price oscillation of the new Alcoa deferred payment bonds which fell at one stage to around 21¾ before recovering about a full point by yesterday evening. The market is still uncertain about the extent of allocations to the underwriters.

In the Canadian dollar sector Bankmount Realty, a unit of Bank of Montreal, is raising C$50m through a straight eight-year bond with a coupon of 12¾ per cent and issue price of par. Co-lead managers are Morgan Stanley and UBS Securities.

In Germany the decision by the Bundesbank to reduce minimum reserve requirements by 10 per cent had little impact on the bond market.

The market still believes that German rates will be reduced at some stage, especially since the economy is now showing some sign of a slowdown.

Meanwhile, much depends on further developments in the U.S. for the time of any cut. One thing the Bundesbank wishes to avoid with its interest rate policy is sparking off any further appreciation of the dollar against the mark which would tend to spur inflation.

For the short term the market is looking forward to a heavy calendar of new issues. This was set at a time when it was still believed there was a real possibility of the Bundesbank easing monetary policy at its regular meeting yesterday. As it happens, monetary policy is left virtually unchanged by the meeting since even the freeing of minimum reserves will only offset previous liquidity measures due to expire shortly. In these circumstances some bankers are uncertain as to how easily the market will be able to digest next week's offerings.

WestLB said yesterday the planned DM 30m private placement for Seiyu Stores has been postponed till at least next week for technical reasons not related to the Bundesbank meeting. Prices on the secondary market closed ⅛ point higher with the Sweden DM 200m issue due to be priced officially on Monday quoted at less 1-1½ in the grey market.

Swiss franc issues closed little changed.

Meanwhile, the National Bank of Hungary has completed arrangements for a $15m floating rate certificate of deposit issue with a margin of ¼ per cent over six-month Libor. The three-year issue is the first by a central bank as well as the first to be floated by an East European address. Lead manager is Nippon European Bank.

RKO to sell TV station for $54m

By David Lascelles in New York

IN A move to head off some of the Federal Communications Commission's displeasure, RKO, the broadcasting company, is to sell off a TV station for $54m.

RKO, a subsidiary of General Tire and Rubber, was deemed by the FCC earlier this year to be unfit to operate three of its TV stations because of allegations of improper political payments and accusations that companies had been pressed into advertising on RKO-owned stations as a condition of doing business with General Tire. General Tire has vowed that it will fight the FCC's action all the way to the Supreme Court.

The station to be sold is WNAC-TV Boston, and the purchaser is a group specially formed by local Boston interests.

However, RKO will apparently continue to challenge in the courts the FCC's ruling that it loses its licence for two other TV stations, in New York and Los Angeles.

The FCC is also considering depriving RKO of licences to its fourth TV station and 12 local radio stations. However, current indications are that it may decide against such an extreme step.

Although RKO would retain its broadcasting facilities if the worst came to the worst, they would be virtually worthless without a broadcasting licence. Thus the FCC's course would, if pursued, be a staggering business blow to General Tire.

U.S. Steel to reopen plant

By Our New York Staff

U.S. STEEL, the largest American steelmaker, is to re-open three of the blastfurnaces shut down in the second quarter of this year because of the slump in steel demand.

The company cautioned that in the case of two of the furnaces, the move did not reflect any significant increase in the recent volume of orders, but rather a depletion of the company's stocks of semi-finished steel.

But the fact that the company is willing to go through with the expensive re-ignition process for the furnaces is one of the first indications so far that the steel industry has started to believe the statistical signs that the U.S. economy is now on the way out of recession.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on August 21

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¼ 90	50	86¼	86¾	−0⅛	−0⅛	13.29
CECA Giad Rate 12 86	100	94	95¼	−0⅜	−1¼	12.37
CECA 11⅞ 90	100	86⅝	87¼	0	−0⅛	12.41
CECA 11⅞ 88	100	95⅞	96	−0⅛	−1⅛	12.36
Citicorp O/S Fin. 10 88	300	91	91½	0	−0⅛	12.18
Con. Illinois O/S 9⅞ 86	150	88⅝	89¼	+0⅛	−1⅛	12.46
Denmark 11⅞ 90	75	93⅝	94⅛	0	−1⅛	12.86
Dome Petroleum 13⅞ 92	50	99⅝	100⅛	+0⅛	−0⅜	13.47
EEC 11 92	75	89⅜	89⅞	+0⅛	−1⅛	12.56
EIS 11⅞ 92	50	92⅝	93	+0⅛	−0⅜	13.00
EIB 12⅞ 90	100	102⅝	103⅛	0	−1⅛	12.16
Eksportfinans 11⅞ 87	50	95⅞	96⅜	0	−1⅛	12.18
Eksportfinans 9⅛ 87	75	87⅞	87⅝	−0⅛	−1⅛	12.31
Elec. de France 10 86	125	88⅜	89	0	−1⅛	12.30
Export Dv. Con. 12⅛ 87	100	100⅞	101⅛	0	−1⅛	12.46
Export Dv. Cpn. 9⅞ 88	150	88⅞	89⅛	+0⅛	−1⅛	12.13
Federal Dev. Bk. 12⅞ 85	75	100⅞	101⅜	−0⅛	−0⅛	11.36
Fin. Exp. Credit 10⅞ 85	50	93⅜	93⅞	0	−2⅛	12.30
Finland Rep. of 9⅞ 86	100	87	87⅝	0	−1⅛	12.80
Ford O/S Fin. 12⅞ 85	250	97⅞	98⅛	+0⅛	−0⅛	13.14
George Weston 13⅞ 87	90	100⅛	100⅝	+0⅛	−0⅛	13.44
GMAC O/S Fin. 11 84	100	96⅞	97	+0⅛	−1	11.87
GMAC O/S Fin. 13⅛ 85	100	102⅝	103⅛	+0⅛	−0⅛	12.43
Goodyear O/S 12⅞ 87	75	97⅞	97⅞	+0⅛	+0⅛	13.05
Hudson's Bay 11⅞ 90	75	92⅛	92⅝	0	−0⅛	12.89
IBM Canada 10⅞ 85	50	95⅞	96	−0⅛	−1⅛	11.66
ICI Fin. Ned. 11 83	100	96	96⅝	−0⅛	−1⅛	11.73
McGraw 13⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norwest Ind 13⅞ 87	50	99⅞	100⅛	+0⅛	+0⅛	13.67
Nova Scotia 10⅞ 90	50	91⅞	91⅝	[illegible]	[illegible]	[illegible]
OKB 10 85	50	93⅞	94	+0⅛	−1⅛	11.73
Pembroke Capital 9⅞ 87	100	91	91⅛	−0⅛	0	11.82
Pemex 11⅞ 86	100	90	[illegible]	[illegible]	[illegible]	12.73
Quebec Hydro 11⅞ 92	100	91⅛	92⅛	−0⅛	−1⅛	12.86
Repsteel O/S 11⅞ 86	100	89⅞	89⅞	−0⅛	−1⅛	13.84
Revlon Ltd 11⅞ 85	50	97⅞	97⅝	+0⅛	−0⅛	11.94
SNCF 12⅞ 85	50	100⅛	101⅛	+0⅛	−1⅛	12.01
Swed Ex Cred. 12⅞ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.49
UR Finance 8⅞ 91	90	87⅝	87⅞	+0⅛	+0⅛	13.36
Unilever NV 9⅞ 80	100	96⅞	86⅝	−0⅛	−1	12.13
World Bank 9⅞ 85	200	92⅝	92⅝	−0⅛	−1⅛	11.82
World Bank 10⅞ 87	300	[illegible]	[illegible]	[illegible]	[illegible]	11.87

Average price changes... On day +0⅛ on week −1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	102⅛	103⅛	+0⅛	−0⅛	8.62
Australia 8⅞ 90	250	102⅛	102⅝	+0⅛	−0⅛	7.73
BFCE 7⅞ 87	100	98	98⅛	+0⅛	−0⅛	7.83
BFCE 8⅞ 95	100	100⅛	101⅛	[illegible]	[illegible]	8.06
Brazil 8 87	150	92⅝	93⅛	[illegible]	[illegible]	9.39
Council of Eur. 7⅞ 89	100	96⅞	96⅝	+0⅛	−0⅛	7.89
Denmark 7⅞ 86	200	98⅛	98⅝	[illegible]	[illegible]	8.06
Denmark 7⅞ 89	100	94⅛	94⅛	[illegible]	[illegible]	8.24
EEC 7⅞ 94	225	98⅛	98⅛	[illegible]	[illegible]	8.02
Finland Rep. of 8 86	150	98⅛	98⅝	[illegible]	[illegible]	8.18
Iberduero 9 90	100	92⅛	93⅛	[illegible]	[illegible]	9.13
Kobe, City of 7⅞ 89	100	98⅛	96⅝	[illegible]	[illegible]	7.76
Kobe, City of 8 90	100	98⅛	99	[illegible]	[illegible]	8.10
Mt. Bk. Denmark 8⅞ 90	100	100⅛	101⅛	[illegible]	[illegible]	8.47
Norway 7⅞ 84	200	100⅛	100⅝	[illegible]	[illegible]	7.38
Oca 7⅞ 89	100	96⅛	96⅛	[illegible]	[illegible]	7.84
OKB 8⅞ 92	150	100⅛	101⅛	[illegible]	[illegible]	8.11
Oslo, City of 8⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.31
Sweden 8⅞ 87	200	107⅛	108⅛	[illegible]	[illegible]	8.17
World Bank 8⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.02
World Bank 10 88	150	107⅞	108⅞	[illegible]	[illegible]	8.12
World Bank 10 90	200	111⅛	112⅛	[illegible]	[illegible]	8.16

Average price changes... On day +0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5⅞ 89	80	91	91⅛	−0⅛	+0⅛	5.84
Bergen, City of 4⅞ 91	40	[illegible]	[illegible]	[illegible]	[illegible]	5.56
Bergen, City of 6 90	60	[illegible]	[illegible]	[illegible]	[illegible]	6.23
BNDE 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BMW Overseas 4⅞ 81	100	[illegible]	[illegible]	[illegible]	[illegible]	5.10
Buhrm'n-Tetterode 7 90	40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cat. Bank Tele 4⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.15
Copenhagen 4⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.86
Council of Eur. 5 88	100	[illegible]	[illegible]	[illegible]	[illegible]	5.03
Denmark 5⅞ 90	80	[illegible]	[illegible]	[illegible]	[illegible]	5.69
EIB 4⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elec. de France 4⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.35
Finland 5⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. G. H. Hypo. Bk. 5 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GZB 4⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hitti 4⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Amer Dev. 4⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Amer. Dev. 7 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Malaysia 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nawaji 5⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Tel. & T. 4⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nordic Bank 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. 4⅞ 81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 4⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 8 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oslo, City of 4⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sekisu Pre. Hme. 5 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shikoku El Pwr. 4⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 4⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 4⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 4⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.8 83	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7⅞ 89	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 5.6 82	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 6.8 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland, Rep. of 8⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅞ 86 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CIBC 13⅞ 85 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CIBC 11⅞ 91 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Federal Dev. 11⅞ 90 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fst Can. Inv. 10 84 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC 12 85 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.62
R. Bk. Canada 10 86 C$	40	92⅞	93	+0⅛	+0⅛	11.78
Tordom Cpn. 13⅞ 85 C$	30	101⅛	101⅝	0	−0⅛	13.05
M. Bk. Donk. 9 91 EUA	25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SOFTE 8⅞ 89 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U. Bk. Nrwy. 9⅞ 90 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Algemene Bk. 8⅞ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Algemene Bk. 10⅞ 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amro Bank 10 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Heineken NV 10 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ned Gasunie 8⅞ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 8⅞ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philips Lamps 9⅞ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Air France 11 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 14⅞ 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 11 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 11⅞ 89 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gaz de France 11 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM France 11⅞ 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Renault 9⅞ 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Saint-Gobain 9⅞ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Solvay et Cie 9⅞ 87 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utd. Mex. Sts. 14 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beneficial Fin. 14⅞ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S F. 13⅞ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 11⅞ 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. for Ind. 12⅞ 89 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. for Ind. 14⅞ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Peugeot SA 14 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Ex. Cr. 15⅞ 85 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banobras 8⅞ 90 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CCCE 8⅞ 91 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sonatrach 8⅞ 90 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Akzo 9⅞ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofirm 8 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euratom 9⅞ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9⅞ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Volvo 8⅞ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Ireland 5⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Tokyo 5⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays O/S Inv. 5 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bergen Bk. A/S 6 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bilbao Int. NV 5⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S F. 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S F. 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C. Itoh 5⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Co-operative Bk. 6 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Creditanstalt 5⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNT 5⅞ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GZB 5⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gotabanken 5⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Bank Japan 5⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lloyds Eurofin 5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LTCB Japan 5⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LTCB Japan 5⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mfrs. Han. O/S 5⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Intl. Fin. 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Intl. Fin. 5⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nacional Fin. 6⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat West 5⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Credit 5⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Credit 5⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Bk Scot 5⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Soc. C. de Sque. 6⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Standard Chart. 5⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Svenska Hndlsbk. 5 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 5⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Williams & Glyn 5⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bq. E. d'Alg. 6⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 7⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AGA Akt'bolag 7⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asics Int. Fin. 8⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Apache I. Fin. 8⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asahi Optical 7 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Blocker Energy 9⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canon 8⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Suisse 4⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Daiei Inc. 6⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DOKK 11 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dynalectron 8⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ercsson Fin. 9⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Maldeson Elec. 7 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MEPC 8⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Cp. 6⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Seiko 7⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SBC 6⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Toshiba Cpn. 7⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Union Bk. Switz. 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsu 5 84 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Konica Elec. 4 84 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sharp Cpn. 6⅞ 88 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Uny Co. 6⅞ 85 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

WEST GERMAN CHEMICALS

Hoechst hit by economic slowdown

BY KEVIN DONE IN FRANKFURT

HOECHST, the largest West German chemicals group, is being hit by the slowing West German economy and stiffening competition in world markets. Growth of both group profits and sales slowed considerably in the second quarter.

In a letter to shareholders yesterdoy the group odmitted that its plants were working at only 80 per cent of capacity in the second quarter compared with 85 per cent in the first three months of the year. This decline caused by falling volume sales meant that the profitability of the parent company fell in the second quarter below the average achieved last year.

Overall, however, the very strong performance in the first quarter is still serving to put a fine gloss on the gronp's performance in the first hslf.

Hoechst's sales worldwide in the first six months rose by 15.3 per cent to DM 15.02bn ($8.4bn), with the major hoost coming from strong demand in foreign markets.

Sales abroad rose by 17.9 per cent while sales in the West German market increased by nnly 9.9 per cent. Hoechst's plants in the U.S., Western Europe and Africa made particularly strong progress with important contributions coming from agricultural products, pharmaceuticals and process plant engineering.

Worldwide, Hoechst boostad its pre-tax profits hy 15.5 per cent in the first six months to DM 907m, while the parent company raised pre-tax profits by 15.9 per cent to DM 524m on o turnover of DM 5.8bn, an increase of 10.6 per cent.

Sales volume in the first half of the year showed an increase of only 2 per cent. The downword trend in the second quarter of the year has continued into the third quarter.

Like its major rival BASF, Hoechst said yesterday that it had found it impossible to poss on in full its higher raw material costs. Competition was beiog felt most keeoly from countries which had an advantage in lower energy and feedstock costs, such as the U.S.

● Net sales of Geroıon fixed interest securities fell sharply in July to DM 1.6bn after DM 4.2hn hoth in June, and in July last year. Gross sales rose to DM 11.6hn from DM 10.7bn in June and DM 10.3bn in July 1979, hut redemptions, at DM 10.15hn, were unusually high.

The reduction in net sales wos due principally to heavy repayments by public authorities of a net DM 1.95hn.

Nippon Seiko lifts consolidated earnings

By Yoko Shibata in Tokyo

NIPPON SEIKO, one of the leading manufactnrers of bearings and machinery parts, and its nine consolidated subsidiaries, increased profits sharply ln the fiscal year ended April 30, largely due to hrisk overall sales of ball hearings.

Nippon Seiko's consolidated operating profits more than doubled to Y14.36bn ($64m). Net profits were boosted 56.6 per cent to Y8.05hn ($35.9m).

Consolidated sales of Nlppon Seiko lncreased by 12.5 per cent to Y166.67bn ($867m). The turnover of the parent company accounted for Y167.72hn.

The upsurge in sales was accounted for hy hrisk demand from car and the mschine tool indnstry for ball bearings. At the same time, a new product, hall setscrews, fared well. Demand for these from numerical control (NC) machine tools were hrisk. Sales of ball setscrews are expected to grow to Y13bn in the current fiscal year from Y7bn a year before.

Peak outcome and scrip issue from Lend Lease

BY JAMES FORTH IN SYDNEY

LEND LEASE Corporation, the largest property development and management group in Australia, hoosted earnings 16 per cent to a peak A$20.35m (U.S.$23.58m) in the year to June and plans a scrip issue. The Boord has also decided on a "special dividend" totalling A$5.68m which will be satisfied hy the distribution to Lend Lease shareholders of shares in the U.S. affiliate, International Income Property Incorporated.

The distribution will be one IIP share for every 100 Lend Lease shares and will reduce the holding of Lend Lease in IIP from 32 per cent to 17 per cent. IIP, which is traded in the U.S. on the over-the-counter market, owns regional retail complexes in Pennsylvanlo and Georgia. IIP will also make an offer to its own shareholders to purchase small boldings of less than 25 shares, which will be cancelled.

The Lend Lease distribution will increase the number of IIP holders and Lend Lease hopes the stock will eventually be listed on the New York exchange.

The ICI Pension Fund ln London is one of the largest single shareholders in IIP.

The profit increase was achieved on a 10 per cent lift in turnover, from A$335m to A$368m (U.S.$426m). The dividend is held at 15 cents a share and is covered hy earnings of 32.5 cents, compared with 60.3 cents in the previous year.

The scrip issue will he on the basis of one new share for every 20 held, and the directors expect to maintain the dividend on the increased capital.

The directors said that Lend Lease was hudgeting for higher levels of revenue and profits for the 1980-81 year.

Kaufhof and GB Inno in fast food deal

By Our Frankfurt Staff

TWO OF Western Europe's largest retail stores groups, Kaufhof of West Germany and GB Innov of Belgium, are joining forces in an attempt to break into tha fast food business in the Federal Republic.

Kaufhof, the second largest department store group in West Germany with sales last year of just under DM 8bn ($4.5bn), is taking a 60 per cent stake in a joint-venture company to be established with headquarters in Cologne.

The venture will break entirely new ground for Kaufhof, which will rely largely on its Belgian partner for the expertise in running a chain of fast food restaurants.

Innov is already active in this field in Belgium along with its major interests in department stores, supermarkets and hypermarkets. It has an annual turnover of nearly DM 6bn and is the largest retailer in Belgium.

The new company, Zentra "Hamburger" Schnellrestaurant, will have a basic capital of DM 100,000. No name has yet been selected for the restaurant chain, but Kaufhof said yesterday that its first fast food hamburger outlet should be ready to open by the beginning of next year.

Kaufhof, like the other major West German department stores groups, has suffered badly in recent years from the rising competition from other forms of merchandising, particularly hypermarkets and mail order, and has been looking hard for opportunities to diversify.

At the end of last year it took the plunge into the mail order sector by acquiring a 76 per cent stake in the Friedrich Wenz mail order group for around DM 165m.

Kaufhof has clearly been attracted to the fast food business by the possibility of more dynamic growth rates. Several hamburger chains, such as McDonald's and Burger King, have started to make a major impact on the German retail food industry.

Kaufhof said yesterday that several sites for its new hamburger restaurant chain hod been located in city centres around West Germany, hnt no deals bad yet been completed. The expansion of the new venture would at first be determined primarily by the speed at which suitable sites could be found.

SKF doubles first-half profits

BY WESTERLY CHRISTNER IN STOCKHOLM

SKF, the Swedish bearings and steel manufacturer, has continued last year's recovery with a SKr 535m ($125m) profit for the first half, more than double the SKr. 237m reported a year earlier.

Salea increased by 18 per cent to SKr 6.8bn at the end of June. The first quarter accounted for SKr 6.26bn hut sales for April-June were SKr 468m higher than a year earlier.

Although no forecast was offered for 1980 as a whole, SKF states "there is no indication that the group's market demand will undergo any radical change during the next few months." The prediction made in the 1979 annual report for increased sales and "significant improvements" in this year's group income, should thus be fulfilled.

A major portion of the six-month soles increase wos an 16 per cent, SKr 600m, gain to SKr 4.7bn in roller bearing sales. However, relotive rises in sales were greater for SKF's non-bearing products. There was a 25 per cent increase for special steel products during the half-year to SKr 1.14bn, a 23 per cent improvement for cuttiog tools to SKr 290m, and a 29 per cent rise for other products to SKr 800m.

Profit margins in the roller bearing division rose from 3.9 per cent to 8.7 per cent during the half-year. The morgin for steel division products improved to 4.7 per cent.

Improvements were also shown by German ond Italian subsidiaries. SKF (UK) and the French unit moved out of the red. Smaller manufacturing units in the overseas bearing division made "good progress, particularly the Indian company."

Depreciotion totalled SKr 230m, basically unchanged from January-June, 1979. Net financiol costs were SKr 223m sgainst SKr 194m.

Capital expenditure amounted to SKr 192m, ond wos used mainly for rationalisation. Liquid funds at the end of June totalled SKr 1bn, compared with SKr 680m.

Mixed income trend for MAN

BY ROGER BOYES IN BONN

MAN, the West German commercial vehicles and mechanical engineering group, experienced unsatisfactory profits in some divisions during the year ended June but expects to pay a "suitable" dividend.

A letter to shareholders explains that the group reported an 11 per cent increase to DM 7.8bn ($4.4bn) and that new orders, buoyed by high demand for commercial vehicles and a pick-up in the marine engine market, rose 13 per cent to DM 8.2bn. Orders in hand rose by 5 per cent to DM 8.6bn.

MAN's earnings problem has two main roots. In the first place, MAN, a main holdlng of the Guteboffnungsbuette engineering group, had to offer uneconomical prices to win orders in some of its more troubled divisions, notably the power station division GHH Sterkrade and the marine diesel engine sectioo. This was judged to be a reasonable move to keep up capacity utilisation during the lean years, but it naturally had an adverse effect on earnings.

The other problem is more in the nature of teething troubles with a long run-lo expected for such innovations as the new range of 6-9 tonne trucks, and the new line in motor vehicle diesel engines.

MAN, however, has a number of strengths which should secure its medium-term future. First, it is diversified and has an even order distribution in such potentially vulnerable areas as the trucks sectioo. This allowed MAN to fill rapidly the gap left by the completion of a large Germaoy army order with both high domestic truck sales and higher sales from other units such as the printing machinery division.

The second main strength is that the company is principally involved in growth sectors such as solar and space technology, nuclear power engineering and, benefiting from trend towards fuel-economy diesel engines.

However, these medium-term strengths will probably only provide limited comfort over the coming nine months. Germany's motor and shipbuilding industries have both been warning that there is a particularly tough year ahead, and inevitably this will have some effect on MAN, despite reporting improvements in its truck and ship engines divisions. And although nuclear power engineerlng orders bave begun to pick up, no radical improvement can be expected until the political deodlock nver the future of nuclear power in Germany bas been resolved.

Midway rise at Anglo-Alpha

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA'S second lorgest cement manufacturer, Anglo-Alpha Cement, has gained significantly from the rising demands of the construction industry. During the six months to June 30, first-half operating income rose by 56.5 per cent to R19.6m ($25.8m) compared to R12.5m in the first-half of 1979. Turnover wos 33.6 per cent ahead at R85.2m ($112.18m), compared with a turnover of R138m and operating profit of R29.9m for the whole of 1979.

The Board reports that the company's cement division was the main contributor to profit growth due to the strong upsurge in the building and construction sector. Lime production, on the other hand, operated under capacity constraints. New plant being commissioned will increase lime capacity by 27 per cent, while further capacity is to be added in 1981 and 1982.

The monagement expects the second-half results to be better than the first-half but there is the warning that the improvement will not be as great as during the first half os this was measured against a particularly poor 1979 first-half, affected by low construction industry activity.

An 11.5 cents lnterim dividend compared to 7.5 cents has been declared from first-balf earninga per share of 22 cents—adjusted for inflation—compared to 10.5 cents. In 1979 a total dividend of 17.5 cents was declared from inflation-adjnsted earnings of 33.7 cents per sbare.

Liberty Life surges ahead

BY OUR JOHANNESBURG CORRESPONDENT

LIBERTY LIFE Association, South Africa's largest publicly-owned life assurer and the third largest life company in the country, has reported record results for the six months to end-June.

First-half premium income net of reinsurances rose to R94.8m ($124.82m) compared with R72.3m during the corresponding period of 1979 and R147.8m for the whole of last year. Investment income reached R37.4m against a 1979 first-half level of R28.4m and R62.7m for the full 1979 year.

Mr. Donald Gordon, the chairman, attributes the increase in new business to South Africa's improved economic environment. He adds that the better performance also reflects deeper market penetration after a major marketing operation.

An interim dividend of 50 cents compared to 42 cents in the 1979 first-half is to be paid from first-half earnings per share of 69 cents (60 cents). The directors expect that, subject to no unforeseen circumstances, earnings this year will be higher then in 1979 and predict thot a final dividend of 85 cents will be declared.

Sharp gains by Boliden despite labour strife

BY OUR STOCKHOLM STAFF

BOLIDEN, the metals and cbemicals group, posted pre-tax earnings of SKr 289m ($69.5m) for the six months to June compared with SKr 163m a year earlier. Turnover during the period rose to SKr 2.58bn from SKr 1.75bn.

For 1980 as a whole the company forecasts pre-tax earnings of SKr 475m—up from SKr 371m last year hut SKr 25m less than waa predicted at the beginning of this year, due to the nation-wide Swedish labour strike and lockout in May. However the figure is only just under tha 1974 peak of SKr 492m.

Sales during 1980 are estimated to reach SKr 5.2bn, up SKr 1.24bn, and just exceeding the forecast made in the first quarter of SKr 5.1hn.

The labour conflict which caused widespread production cutbacks within Boliden Metall and Boliden Kemi in particular, is estimated hy the group to bave cut profits hy SKr 75m.

The second quarter pre-tax profit was SKr 95m compared with SKr 194m for the first quarter underlining the effect of the strike. With SKr 289m earned up to the end of June, the group needs to make a pre-tax profit of SKr 166m to meet its SKr 475m target for this year. For the second half last yesr it earned SKr 208m pre-tax. Earnings per share this year are expected to reach SKr 60.

The company notes that the morket for metals during the first quarter this year was marked by "exceptionally" high prices, making up for a weaker trend from April to June, especially in the U.S.

Furthermore Boliden predicts that the fall in production caused hy the labour disputes will be made up for later this year with a greater improvement in metal pricea than earlier expected.

Maintained interim result from Veba

By Leslie Colitt in Berlin

VEBA, wbicb ls both the largest energy group and the largest company in West Germany, hoosted sales in the first balf of this year to DM 20.3hn ($11.5bn) from DM 16.9bn a ago. After-tax profits remained static at DM 165m, compared with DM 167m.

Herr Rudolf von Benningsen-Foerder, group chairman, told the annual shareholders' meeting in Berlin he was confident an "adequate dividend" would be paid for this year, despite a more difficult second half hecause of the economic slowdown in West Germany.

Herr Benningsen-Foerder said the company expects only small growth rates in West Germany's future energy consumption. Veho will increasingly use coal and nuclear energy.

U.S. move by Electrolux

By Our Stockholm Correspondent

ASAB, which is part of Electrolux, Swedish household appliances group, has acquired the Rollins building services division of the Rollins group of the U.S.

Rollins building services, headqnartered in Atlanta, Georgia, bas annual sales of SKr 80m ($19.25m) and employs 1,700 persons. It is the second Electrolux acquisition in the industrial cleaning sector in the U.S.

TV layoffs by Philips

BY CHARLES BATCHELOR IN AMSTERDAM

PHILIPS, the Dutch electrical group, announced plans to reduce the number of jobs in its video division in the Netherlands. The company will shed 520 jobs at three factories hy next May, reducing the work force in it video division to just under 5,000.

This has become necessory because of a levelling off of demand for colonr television sets in Europe and improvements in productivity, the company said. The union representing the workers involved said it had no alternative but to accept the move.

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samnel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hoogkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16¼%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	16 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilhao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samnel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque dn Rhone et de la Tamise S.A.	16¼%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	15½%		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%. 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

APPOINTMENTS

Personnel director for Rank Xerox

Mr. Kenneth G. Saltrese has beeo appointed director, organisation, personnal and training for RANK XEROX (UK). He has been with the company for 11 years, and has held a variety of posts io the internatiooal peraonoel departmeot with staff respoosibility for some 25 Rank Xerox operating compaoies throughout Europe, Africa, the Far East and Australia. In 1978 Mr. Saltrese was assigned for two years to Xerox Canada Inc. in Toronto as vice-president, personnel and organisation. His new appointment gives him personnel responsibility for the company's 5,000 employees *throughout* Great Britain.

★

RICHTON INTERNATIONAL, manufacturer of fashion jewellery, bas appointed Mr. Konrad Schluttenhofer as managing director and successor to Mr. Fred Plato. who retires on September 1. *Mr. Plato* will continue as executive vice chairman.

★

Dr. Edward Stern has been appointed to the GALLAHER TOBACCO Board. He will be director of research and will also continue with his present responsibilities in research and development.

★

Mr. John M. Weiner has joined the Board of SEA AND STORM SERVICE SPECIALISTS as chairman in succession to Mr. *Martin C. Barraclough. Sea* and Storm Service Specialists is the UK member of Sesam S.A., the French international offshore survey group.

★

Mr. Brian D. Keefe has been appointed personnel director and to the Board of DOLLOND AND AITCHISON.

★

Mr. J. J. Reed and Mr. P. J. Thurbin will become joint managing director of BROWN, SHIPLEY AND GO., on September 1. Mr. S. J. C. Dick and *Mr. T. M. Trowell* (senior managers) will be appointed directors.

★

Dr. H. O. Witte, formerly assistant general manager of Deutsche Bank, London branch. has joined LANDESBANK RHEINLAND-PFALZ, Mainz, as senior vice-presidenl in charge of the international division.

★

Mr. Francis Madden has been appointed deputy managiog director of EAST ANGLIAN SECURITIES HOLDINGS from October 1, and will have particular respoosibility for the general bankiog and corporate advisory services provided by the group's principal subsidiary, East Anglian Securities Trust.

★

Sir John Hedley Greenborough, until receotly president of the Confederation of British Industry, has joined the Board of the HOGG ROBINSON GROUP.

★

Mr. P. J. R. Leyden and Mr. A. E. Oppenheimer have been appoloted directors of DE BEERS CONSOLIDATED MINES. Mr. P. J. L. Crokaert has resigned from the Board.

★

Mr. Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, has been appointed a member of the BRITISH OVERSEAS TRADE BOARD. He has replaced Mr. Joe Gormley.

★

F. AND E. V. LINFORD, holding company of the Gannock-based Linford Building Group, has appointed Mr. John Lloyd, at present the company's financial directnr, as deputy managing director, a position he will hold jointly with Mr. Ray Hunt.

★

Mr. L. G. Marshall retires from the Board of CAPPER NEILL on August 21. hut will be retained as a consultant with special reference to City investment llaison, training and public relations.

★

Mr. Tony Gould has heen appolnted UK and Ireland hranch director, INTERNATIONAL WOOL SECRETARIAT. He jolnad the IWS in 1971. and was promoted to braoch maoager in May 1978. The area director, Western Europe, Mr. Egon Kolsch, states that Mr. Brian Lucas will take over as area admlolstrator from September 8. This is a new *appointment. He will be based* in Dusseldorf. Mr. Lucas is international marketing director, carpets, home textiles and special products. He joined the IWS in 1965.

★

The CENTRAL ELECTRICITY *GENERATING BOARD* has appointed Dr. Rex Savidge as architect from September 1. He succeeds Mr. Howard Mason, who diad last December. Dr. Savidge jolns the Board from the Nottingham practice of Gelsthorpe Savidge and Simpson, in which he was a partner. He will lead a team of architects and landscape archltects within the Board's generation development and construction division, based at Barnwood, Gloucester.

★

GOEBEL of Bavaria, West Germany, has established Goebel Uoited Kingdom. Goebel products were distributed hy Healacraft, and several of the Healacraft managemenl leam have agreed to joio Goehel UK, including Mr. Graham Harding as general manager of the new compaoy.

ENERGY REVIEW: URANIUM ENRICHMENT IN FRANCE

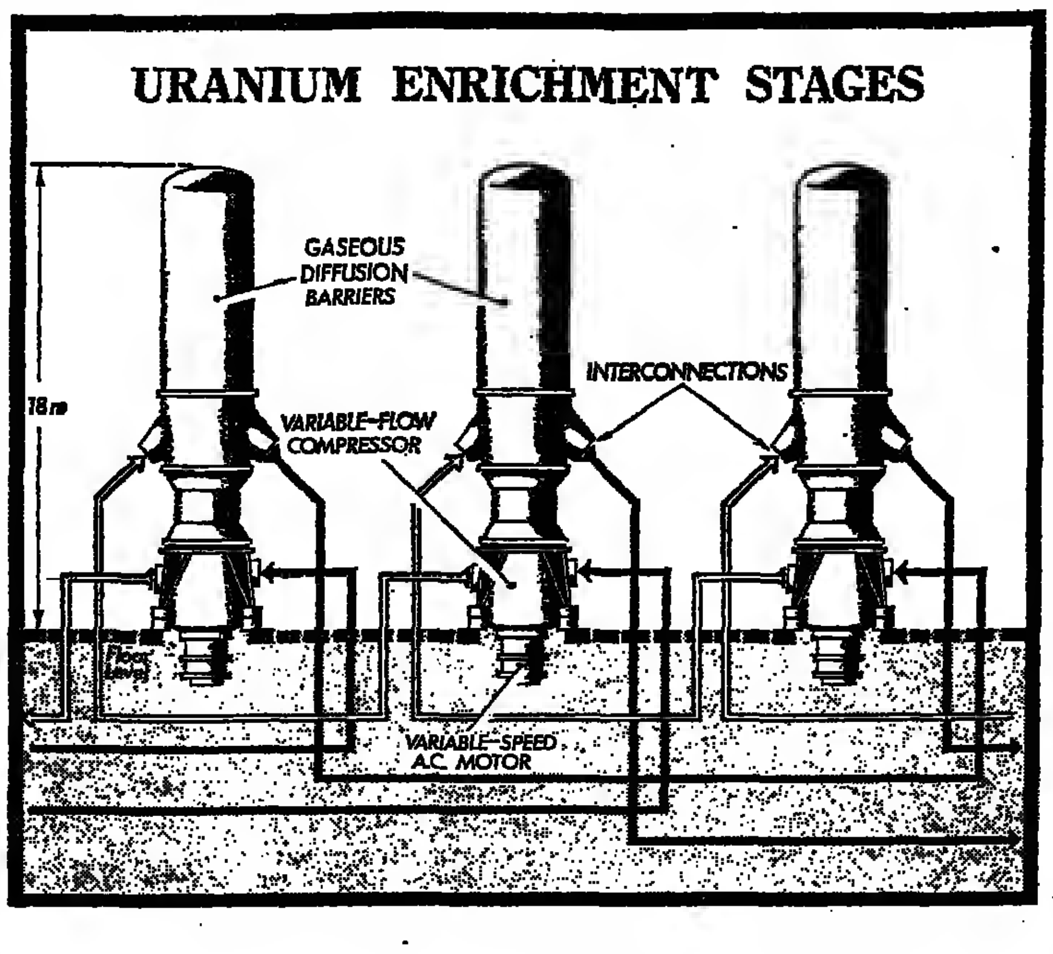
BY DAVID FISHLOCK, SCIENCE EDITOR

Success for energy-hungry process

ENVIABLE IS the factory which can claim to have sold its entire production capacity under rock-hard guarantees for a decade ahead. France has such a factory nearing completion in the Rhône Valley. Tricastin is a £2bn industrial investment lauoched in the wake of the OPEC oil crisis of late-1973. as an integral part of its own and other nations' plans to combat oil scarcity with nuclear energy.

Tricastin is a factory for the enrichment of uranium. the process whicb artificially enhances the fissile uranium-235 component of uranium ore and permits the design of smaller and cheaper nuclear reactors.

The process of enrichment is a physical and not a chemical one. from whicb the feedstock *emerges chemically un*changed. The simplest way of visualising it is as a method of storing enargy—in this case. electricity—which the nuclear reaclor can liberate again. From Tricastin steel drums of energy. atored in the cbemical uranium hexafluoride, are already heing dispatched to national stockpiles all over the world. By the end of next year Tricastin is expected to he operating at full capacity—just eight years after the French Government anthorised the project.



Full capacity means that the one factory will he drawing ahout 3,000 MW of electricity; almost as much as London's peak demand last winter. The adjoining nuclear power statimn, ona of Europe's biggest, is dwarfed by the sprawling enrichment factory.

Inside the plant towering steel columns are heing assembled rapidly in ranks of ten, and interconnected with ducts the dlameter of gas mains. Each is an accurately made fabrication, leak-tight to contain the toxic gas which is blasted by the compressor in the base of each column from one stage to the next. Each is effectively a filter *through which molecules of the* llghter, desired uranium-235 isolope passes a little bil quicker than uranlum-238. Electricity is needed to pump the gas in this energy-hungry process.

With no evldence of the chaos which characterises major constructioo projects ln Brilain. the 1,400 separate stages of the gaseous diffusioo process for Tricastin are close to completion. Specially designed equipment deftly manoeuvres large sections of columns. compressors and so on, into position. like pieces of Meccano. The hase of each column, containing the compressor and its motor (see sketch), is optically aligned and aealed into the floor of a *concrete cell the aize of a foot*hall pitch housing a score of stages. "The rest follows easily," the French angineers say. With the third of four tranches of enrichment capacity close to completion (its operation is expected to hegin next month) their confidence seems to be justified.

One part remains secret, however, even to those who are huilding Tricastin. This is the filter ltself, provided as a "hlack box" made *by* a factory sel up for the purpose hy the French Atomic Energy Commission (CEA), and inserted unseen into the columns. So successful have lhey been at mass-producing this remarkably tricky membrane. CEA sclentists claim, thal to their chagrin they find litlle demand for replacement "black boxes," and will soon he forced to mothball the factory making them.

Tricastin is a multi-natiooal venture, *owned* hy Eurodif, a five-nation company: Fraoce, 42 per cent; Italy, 25 per cent; Spain, 11.11 per cent; Belgium, 11.11 per cent; and Iran, 10.78 per cent. The fate of the Iranian shareholding has been in the *halance since that country* stopped construction of its nuclear stations. But recently Iran had indicated that it plans to restart nuclear station construction, M. Jean-Francois Petit, president of Eurodif's Board of management, says. First deliveries to Iran are scheduled for 1981, and M. Petit says that he hopes to settle this year whether Iran will take and stockpile the enriched uranium or resell it — as shareholders are entitled to do — for direct delivery to a third party.

France, Belgium and Spain all have substantial nuclear power programmes. But Italy's failure to find sites for nuclear reactors has obliged it to ask *for its shareholding in Eurodif* to fall to 16 per cent. France plans to take up the 9 per cent involved and thus will become the majority shareholder with 51 per cent.

M. Petit is pleased with the *way Tricastin has remained on* schedule, and — inflation apart —close to a budget set in 1973, at a time when the project had heen both accelerated and expanded. The total cost, estimated at FFr 23bn (about £2.4bn) *will have been raised* in three equal portions: from cash flowing from down payments on long-term enrichment contracts, from Eurodif's own capital, and from Government-backed loans raised in the five nations involved.

Contracts already signed with about 1,000 suppliers now amount to virtually all the FFr 23bn.

About 90 per cent of the Tricastin's output for the first ten years of a 20-year design life has already been sold to the electricity supply industries of the five partner-nations, with the balance ordered by Japan, West Germany, and Switzerland.

Tricastin produced its first saleable product two years ago. But until the biggest stages of the process are completed next year it will continue to rely upon some of the stages in France's own enrichment factory at Pierrelatte, literally over the fence. Pierrelatte provides highly enriched uranium for French nuclear submarines, for weapons and for research reactors such as its controversial sale to Iraq. For the Eurodif project it is providing not only the technology and facilities for training Eurodif's operators, but pre-enrichment of feedstock before it enters Tricastin.

Few nuclear engineers doubt any longer that France has made appreciable advances in the technology of gaseous diffusion since the first plants of this kind were built in the U.S. during and after World War II. Pierrelatte itself has been operating "very satisfactorily for 16 years," says M. Petit.

The big debate about gaseous diffusion has been whether, in a world in which energy prices have been rising rapidly for the past seven or eight years, and promise to continue to do so, the investment in an intrinsical energy-hungry process could be justified.

The alternative—it emerged in the mid-1960s—was the gas centrifuge process, adopted by Britain, West Germany and Holland, which in 1970 embarked on the Urenco project. Urenco claims that it can enrich uranium to the same level — about four times the natural level—for one-tenth or less of the electricity consumed by gaseous diffusion. But the advantage is offset by the capital cost of a more intricate and more highly rated processing unit, the ultra-centrifuge, needed in immensely large numbers to match the capacity of a plant such as Tricastin.

Tricastin has access to some of the cheapest thermal power in the world. Electricite de France, its principal customer for its enrichment, provides it with power for "about 15 centimes per kilowatt-hour" (unit of electricity), says M. Petit. A 3,700 MW nuclear station—four 925 MW pressurised water reactors—is taking shape alongside the factory. According to Electricite de France, its PWRs will produce electricity for 13 centimes per unit, so Eurodif is getting power not much above the cost of generation. If one raises an eyebrow at this situation, Eurodif's managers point out that the French Government last year decreed that everyone close to a nuclear station should have the benefit of cheaper power. They are now charged prices about 15 per cent less than in the country as a whole.

Beyond this, the designers of Tricastin believe they have made cost-saving advances both in the enrichment techniques and in their methods of operating the process. When in full operation Tricastin will employ only 1,000. It will need only 30 workers per shift to manage the process, with the help of a fleet of bicycles to cover long distances inside the factory, such as the half-mile long concrete corridor connecting the four tranches of enrichment capacity. Normally the central control room will need no more than four people, for the computer checks every stage of the process every 10 seconds. The control room has no dials, only visual display units displaying digital data and curves.

Through this control centre the management can fine-tune the performance of each one of its 1,400 stages of enrichment, adjusting compressor speed and thus the flow of uranium hexafluoride gas through the plant. Just by keeping the plant's behaviour very close to the ideal for the throughput required, M. Petit claims he can save a critical 5 per cent of power costs.

The net result of all this fine-tuning and the awesome scale of his plumbing is that Tricastin can offer enrichment at a competitive price, when there is world overcapacity.

What of France's highly publicised plans to build another enrichment factory of similar size and identical design? Such a scheme, it was argued, would help to amortise investments in special facilities set up for Tricastin, such as the factory making porous membranes and the Socatri plant adjoining Tricastin where steel columns are heavily coated with nickel to protect them against the corrosive uranium gas.

Coredif, as the second enrichment project is called, was set up in 1975 as a completely separate project. Eurodif owns 51 per cent of its shares, Cogema (the State-owned French nuclear fuel company) another 29 per cent, and Iran 20 per cent. But the picture for nuclear power has changed — for Iran in particular, but for the world in general, which is installing new capacity more slowly than forecast in 1975.

Coredif has been shelved. The plant will not be started for another 5-10 years, M. Petit *admits. The question then will* be whether, given further steep rises in world energy prices, a repeat of the unquestionably energy-hungry Tricastin factory could still compete with the fast-developing gas centrifuge in world markets in the mid-1990s.

CURRENCIES, MONEY and GOLD

Dollar steady

Trading in currency markets continued to be dull and uneventful yesterday, with little in the way of fresh factors to stimulate any movement. The dollar showed a slightly firmer tendency in early trading, but drifted easier during the afternoon to finish close to its worst level of the day. News that West Germany's key lending rates had been left unchanged helped the D-mark improve slightly, and the dollar closed at DM 1.7945, down from DM 1.7965 on Wednesday. Against the Swiss franc the U.S. unit was marginally firmer at SwFr 1.6540 against SwFr 1.6525 and also showed a slight improvement in terms of the Japanese yen to Y224.60 from Y224.05. On Bank of England figures the dollar's trade weighted index was unchanged at 84.7.

Sterling was slightly firmer on a trade weighted basis, and its index finished at 75.6, up from 75.5 on Wednesday, but down from the opening calculation of 75.7. Against the dollar it opened at $2.3695-2.3705 and eased to $2.3655 initially, before coming back to $2.3670 around lunchtime. During the afternoon it touched $2.3715, but came back to finish unchanged from the opening level at $2.3695-2.3705, a rise of just 15 points from Wednesday's close.

D-MARK—One of the weaker members of the European Monetary System of late, and showing a tendency to ease against the dollar, following the turnaround in U.S. interest rates. In previous months tight Bundesbank monetary policy and the sharp fall in U.S. interest rates led to a decline in the dollar against the German currency—The D-mark was mostly weaker in Frankfurt yesterday, losing ground to the U.S. dollar and sterling, as well as a majority of its EMS partners. The French franc rose to DM 43.20 per FFr 100 from DM 43.18, and the Dutch guilder was higher at DM 91.92 per Fl 100 from DM 91.88. Outside the EMS the dollar rose to DM 1.8013 from DM 1.7982 and sterling was higher at DM 4.2630 compared with DM 4.2550 on Wednesday. Unchanged key lending rates and a reduced minimum reserve requirement, which were the result of the latest Bundesbank central council meeting, appeared to have little effect on the market.

ITALIAN LIRA — Still the weakest member of the EMS, and steady for a short time after July's support package. More recently however, rumours of a possible devaluation have caused further weakness—The lira continued to lose ground in Milan yesterday, edging slowly towards its maximum permitted divergence from the European Currency Unit central rate. Trading was generally light and dealers noted a surprise surplus figure for July's balance of payments, although this did not appear to have much effect on the market. The dollar was fixed higher at L854.05 from L850.95, and sterling reached a record L2,022.20 after L2,015 on Wednesday. Within the EMS, the D-mark rose to L473.90 from L473.24 and the French franc was higher at L204.94 against L204.33 previously.

JAPANESE YEN — Steadier recently, reflecting the relatively successful fight against inflation, which allowed a cut in the discount rate this week, and reflecting also a sharp fall in U.S. interest rates earlier this year—The yen lost a little ground against the U.S. dollar in Tokyo yesterday, with the U.S. unit closing at Y224.50, compared with Y224.35 on Wednesday. It opened at Y224.50 and traded steadily in rather quiet conditions, with nothing in the way of fresh news to stimulate any movement.

THE POUND SPOT AND FORWARD

Aug. 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3685-2.3715	2.3695-2.3705	1.35-1.25c pm	6.58	3.25-3.13 pm	5.40
Canada	2.7426-2.7520	2.7465-2.7495	1.70-1.50c pm	7.64	4.10-4.00 pm	3.89
Nethlnd.	4.62-4.65	4.63¼-4.63¾	2¼-1¼c pm	0.53	7⅛-6⅞ pm	0.94
Belgium	68.00-68.35	68.05-68.15	30-20c pm	4.40	70-60 pm	3.82
Denmark	13.13⅜-13.19½	13.14-13.15	1¼-2½ore dis	-1.88	3½-7 dis	-1.88
Ireland	1.1250-1.1300	1.1260-1.1270	0.10-0.17p dis	-1.44	0.10-0.16dis	-0.49
W. Ger.	4.24¼-4.28	4.25-4.26	3¼-2¼pf pm	9.46	8¼-7¼ pm	7.75
Portugal	117.60-119.70	117.75-117.95	30c pm-25 dis	0.25	55pm-70dis	-0.25
Spain	171.90-172.40	172.30-172.40	115-185c dis	-9.57	320-420dis	-8.59
Italy	2014-2024	2021½-2022½	25-28lire dis	-15.73	77-80lire dis	-15.63
Norway	11.60-11.65	11.60¾-11.61¾	4¼-2¼ore pm	3.65	9¼-8¼ pm	3.15
France	9.85½-9.87½	9.86½-9.87½	4½-3½c pm	4.86	11¼-10¼ pm	4.46
Sweden	9.90-9.93	9.91½-9.92½	1¼-¼ore pm	1.21	2-1¼ pm	0.65
Japan	530-535	532-533	3.10-2.90y pm	6.76	8.05-7.70 pm	5.91
Austria	30.10-30.25	30.12-30.16	15-11gro pm	5.17	37-31 pm	4.31
Switz.	3.90-3.96	3.91¼-3.92¼	3¼-2¼c pm	10.32	11¼-10¼ pm	10.83

Belgian rate is for convertible francs. Financial franc 69.10-69.20. Six-month forward dollar 5.07-4.97c pm. 12-month 7.10-7.00c pm. W. Germany Aug. 20 4.25¼-4.26¼ (close).

THE DOLLAR SPOT AND FORWARD

Aug. 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3685-2.3715	2.3695-2.3705	1.35-1.25c pm	6.58	3.25-3.13 pm	5.40
Ireland†	2.0950-2.1040	2.1010-2.1040	0.95-0.85c pm	5.15	2.60-2.50 pm	4.86
Canada	1.1597-1.1613	1.1607-1.1610	0.10-0.13c dis	-0.15	0.10-0.05 pm	0.26
Nethlnd.	1.9535-1.9602	1.9535-1.9545	0.05c pm-0.05 dis	—	0.42-0.32 pm	0.75
Belgium	28.71-28.82	28.71-28.73	4-5c dis	-1.88	2-11 dis	-1.32
Denmark	5.5560-5.5710	5.5580-5.5595	3¼-4ore dis	-8.09	9¼-9½ dis	-0.84
W. Ger.	1.7930-1.8030	1.7945-1.7950	0.26-0.20pf pm	1.47	1.11-1.06 pm	2.42
Portugal	49.65-49.83	49.70-49.80	15-35c dis	-6.03	42-92 dis	-3.39
Spain	72.68-72.88	72.68-72.72	70-90c dis	-13.20	205-235dis	-12.10
Italy	853.50-854.30	853.80-854.20	15-18lire dis	-23.16	43-47 dis	-21.08
Norway	4.8920-4.9000	4.8930-4.8945	0.75-1.25ore dis	-2.47	2.20-2.90dis	-2.10
France	4.1535-4.1680	4.1635-4.1650	0.55-0.65c dis	-1.73	0.75-0.80dis	-0.79
Sweden	4.1843-4.1905	4.1845-4.1860	1.70-1.85ore dis	-3.09	4.55-4.70dis	-4.42
Japan	224.50-225.20	224.55-224.65	0.50-0.60y dis	-3.07	0.60-0.75dis	-1.20
Austria	12.72¼-12.74	12.73¾-12.74	0.70-1.30gro dis	-0.94	0.25-2.00dis	-0.35
Switz.	1.6530-1.6560	1.6535-1.6545	0.65-0.60c pm	4.53	2.30-2.25 pm	5.50

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 21	Bank of England Index	Morgan Guaranty Changes %
Sterling	75.6	-30.5
U.S. dollar	84.7	-6.0
Canadian dollar	81.3	-15.7
Austrian schilling	136.2	+24.1
Belgian franc	113.6	+13.7
Danish kroner	106.9	+4.5
Deutsche mark	144.6	+43.7
Swiss franc	197.0	+79.9
Guilder	125.1	+20.9
French franc	101.3	-5.7
Lira	59.7	-61.5
Yen	137.0	+24.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Aug. 20	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.563976	0.594795
U.S. $	10	1.31043	1.40925
Canadian $	10.26	1.52129	1.63826
Austria Sch	5¾	16.6530	17.9468
Belgian F	12	37.7011	40.4849
Danish K	13	7.29780	7.82133
D'mark	7½	2.35646	2.53009
Guilder	8	2.56386	2.75361
French Fr	9½	5.43630	5.86035
Lira	15	1116.18	1199.92
Yen	8.25	293.929	313.883
Norwgn Kr	9	6.36475	6.86275
Spanish Pta	8	93.3097	102.474
Swedish Kr	10	5.48806	5.89612
Swiss Fr	3	2.17112	2.33400

OTHER CURRENCIES

Aug. 21	£	$		£ Note Rates
Argentina Peso	4490-4510	1898-1905	Austria	29.95-30.25
Australia Dollar	2.0446-2.0466	0.8630-0.8635	Belgium	68.75-69.35
Brazil Cruzeiro	129.01-130.01	54.50-54.80	Denmark	13.10-13.20
Finland Markka	8.57-8.56	3.6640-3.5630	France	9.82-9.92
Greek Drachma	101.58-104.665	42.95-44.15	Germany	4.24-4.27
Hong Kong Dollar	11.72-11.74	4.9490-4.9510	Italy	1975-2025
Iran Rial	n.a.	n.a.	Japan	531-536
Kuwait Dinar(KD)	0.630-0.638	0.2669-0.2693	Netherlands	4.60¾-4.63¾
Luxembourg Frc	68.05-68.15	28.71-28.73	Norway	11.46-11.56
Malaysia Dollar	5.0960-5.1100	2.1519-2.1559	Portugal	113-120
New Zealand Dlr	2.4280-2.4310	1.0235-1.0245	Spain	167¾-176
Saudi Arab Riyal	7.88-7.88	3.3195-3.3210	Sweden	9.86-9.96
Singapore Dollar	5.0450-5.0560	2.1300-2.1320	Switzerland	3.92-3.95
Sth African Rand	1.8010-1.8025	0.7600-0.7605	United States	2.363-2.3765
U.A.E. Dirham	8.69-8.75	3.6885-3.6905	Yugoslavia	64-69¼

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 21	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.4819	+1.79	+0.63	±1.53
Danish Krone	7.72336	7.81508	+1.19	+0.06	±1.64
German D-Mark	2.48208	2.53088	+1.96	+0.82	±1.125
French Franc	5.84700	5.86999	+0.22	-0.91	±1.3657
Dutch Guilder	2.74362	2.75425	+0.39	-0.74	±1.512
Irish Punt	0.668201	0.669887	+0.25	-0.88	±1.668
Italian Lira	1157.79	1200.80	+3.71	+2.71	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 20	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.370	4.265	539.5	9.868	3.923	4.633	2022.	2.749	68.10
U.S. Dollar	0.422	1.	1.795	224.7	4.164	1.656	1.955	853.2	1.160	28.73
Deutschemark	0.235	0.557	1.	125.1	2.319	0.922	1.089	476.2	0.646	16.00
Japanese Yen 1,000	1.878	4.451	7.991	1000.	18.53	7.366	8.700	3797.	5.159	127.9
French Franc 10	1.013	2.409	4.312	539.7	10.	3.976	4.693	2049.	2.766	69.01
Swiss Franc	0.855	0.604	1.085	135.6	2.516	1.	1.161	515.6	0.701	17.36
Dutch Guilder	0.216	0.512	0.919	114.9	2.130	0.847	1.	436.6	0.593	14.70
Italian Lira 1,000	0.495	1.172	2.104	263.4	4.880	1.940	2.291	1000.	1.360	33.68
Canadian Dollar	0.364	0.862	1.548	195.7	3.589	1.427	1.685	735.3	1.	24.77
Belgian Franc 100	1.468	3.480	6.248	781.9	14.49	5.760	6.802	2959.	4.037	100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 21)

3 months U.S. dollars		6 months U.S. dollars	
bid 10 7/8	offer 11	bid 11 1/2	offer 11 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Aug. 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	—	9⅛-9⅝	9-10	10-10¼	4-4½	8⅛-8⅞	11½-11⅝	14-18	6⅛-6¾	15-15½
7 days' notice	17⅛-17⅞	9⅜-9⅝	9-10	10-10¼	8¼-8¾	8⅛-8⅞	11¼-11⅞	95-31	9⅛-9⅞	15-15½
Month	16¾-17	10⅛-10⅝	9⅝-10	10-10¼	5⅛-5⅝	8⅛-8⅞	11⅛-11¾	53-55½	10⅝-10¾	13¼-13½
Three months	15⅝-16⅝	10⅞-11⅛	10¼-10⅝	10-10¼	5⅛-5⅜	8⅛-8⅞	11⅝-11⅞	51⅛-33	10⅞-11	12¼-12⅛
Six months	15⅞-15⅛	11⅜-11⅝	10⅞-11¼	9¾-10	5⅛-5⅞	8⅛-8⅞	11⅞-12⅛	97-28⅛	11⅛-11⅞	11¼-11½
One Year	16⅛-16⅝	11⅛-11⅞	11⅛-11½	9½-9¾	5⅛-5⅛	8-8⅛	12⅛-12⅝	25⅛-25	11⅛-11⅞	10-10¼

Long-term Eurodollar two years 12-12¼ per cent; three years 12⅛-12⅞ per cent; four years 12¼-12½ per cent; five years 12¾-12¾ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 6.85-9.95 per cent; three-months 10.40-10.50 per cent; six-months 10.95-11.05 per cent; one year 11.20-11.30 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, August 20, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.9715
Algeria	Dinar	5.9393
Andorra	French Franc	4.1533
	Spanish Peseta	72.79
Angola	Kwanza	27.627
Antigua	E. Caribbean $	9.7026
Argentina	Argentine Peso	1873.00
Australia	Australian $	0.8647
Austria	Schilling	19.7593
Azores	Portug. Escudo	49.09
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	72.72
Bangladesh	Taka	14.8553
Barbados	Barbados $	9.01
Belgium	B. Franc (C)	28.773
	B. Franc (F)	29.15
Belize	Belize $	2.00
Benin	C.F.A. Franc	209.175
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.8123
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7768
Brazil	Cruzeiro	54.703
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	9.1376
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
CamerounRepub'c	C.F.A. Franc	908.175
Canada	Canadian $	1.1647
Canary Islands	Spanish Peseta	79.72
Cape Verde Isle	Cape V. Escudo	35.31
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Rep.	C.F.A. Franc	208.173
Chad	C.F.A. Franc	908.175
Chile	Chilean Peso (D)	38.00
China	Renminbi Yuan	1.4907
Colombia	Col. Peso (O)	47.70
Comoros Islands	C.F.A. Franc	208.176
Congo (Brazaville)	C.F.A. Franc	208.175
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.707
Cyprus	Cyprus Pound	0.3313
Czechoslovakia	Koruna (D)	5.50
Dem. Rep.S'oTome & Principe	S. Tome Dobra	34.4976
Denmark	Danish Krone	3.3625
Djibouti Rp. of	Djibouti Franc	173.396
Dominica	E. Caribbean $	2.7026
Dominican Repub.	Domin'can Peso	1.00
Ecuador	Sucre	28.10
Egypt	Pound (3)	0.69
El Salvador	Colon	8.50
Equatorial Guinea	Ekuele	79.72
Ethiopia	Birr (D)	8.0955
Faroe Islands	Danish Krone	8.5625
Falkland Islands	Falkland Is. £*	2.3645
Fiji Islands	Fiji $	0.8103
Finland	Markka	3.6675
France	French Franc	4.1633
French C'ty in Af.	C.F.A. Franc	908.173
French Guiana	Local Franc	4.1636
French Pacific Is.	C.F.P. Franc	75.3885
Gabon	C.F.A. Franc	206.175
Gambia	Dalasi	1.5917
Germany (East)	Ostmark (O)	1.7985
Germany (West)	Deutschemark	1.7985
Ghana	Cedi	2.73
Gibraltar	Pound*	2.3643
Gilbert Is.	Kiribati	0.8647
Greece	Drachma	42.675
Greenland	Danish Krone	9.3625
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.1833
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.5448
Guinea Republic	Syli	16.6197
Guyana	Guyanese $	9.3335
Haiti	Gourde	5.00
Honduras Repub.	Lempira	9.00
Hong Kong	H.K. $	4.9543
Hungary	Forint (O)	32.6022
Iceland	I. Krona	495.10
India	Ind. Rupee	7.8185
Indonesia	Rupiah	626.00
Iran	Rial	70.00
Iraq	Iraq Dinar	0.9953
Irish Republic	Irish Punt*	2.1027
Israel	Israeli Pound (4)	53.29
Italy	Lira	850.60
Ivory Coast	C.F.A. Franc	908.176
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	294.10
Jordan	Jordan Dinar	0.292
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.3646
Korea (Nth)	Won	0.94
Korea (Sth)	Won	604.00
Kuwait	Kuwait Dinar	0.2584
Lao P'pls D. Rep	Kip of Lib.	16.00
Lebanon	Lebanese Pound	3.4997
Lesotho	Loti	0.7594
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2981
Liechtenstein	Swiss Franc	1.6577
Luxembourg	Lux Franc	28.775
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	208.175
Madeira	Portuguese Escudo	49.69
Malawi	Kwacha	0.8098
Malaysia	Ringgit	9.156
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	416.36
Malta	Maltese Pound	0.3466
Martinique	Local Franc	4.1655
Mauritania	Ouguiya	41.636
Mauritius	M. Rupee	7.6938
Mexico	Mexican Peso	93.04
Miquelon	French Franc	4.1655
Monaco	French Franc	4.1633
Mongolia	Tugrik (O)	3.5556
Montserrat	E. Caribbean $	2.7095
Morocco	Dirham	3.863
Mozambique	Moz. Escudo	28.3358
Namibia	Rand	0.7594
Nauru Is.	Aust. $	0.8647
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.936
NetherlandAntilles	Antillian Guild	1.80
New Zealand	NZ $	1.0246
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	206.175
Nigeria	Naira (O)	0.5443
Norway	Norw'g Krone	4.863
Oman, Sultanate of	Rial Omani	0.3458
Pakistan	Pkst. Rupee	6.91
Panama	Balboa	1.00
Papua N.G.	Kina	0.665
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	291.02
Philippines	Ph. Peso	7.65
Pitcairn Islands	NZ $	1.0248
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	49.59
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.878
Reunion Ile de la	French Franc	4.1635
Romania	Leu	4.47
Rwanda	Rwanda Franc	99.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	£ Sterling*	9.3645
St. Lucia	E. Caribbean $	9.7096
St. Pierre	Fr Franc	4.1635
St. Vincent	E. Caribbean $	2.7029
Samoa American	U.S. $	1.00
San Marino	Italian Lire	860.60
Saudi Arabia	Saudi Riyal	3.3909
Senegal	C. F. A. Franc	209.175
Seychelles	S. Rupee	5.6376
Sierra Leone	Leone	0.8438
Singapore	Singapore $	9.1375
Solomon Islands	S.I. $	0.8647
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7994
Spain	Peseta	72.72
Spanish Ports in North Africa	Sp. Peseta	72.72
Sri Lanka	S. L. Rupee	15.45
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7594
Sweden	S. Krona	4.188
Switzerland	Swiss Franc	1.6577
Syria	Syria Pound	5.9962
Taiwan	New Taiwan (O)	55.00
Tanzania	Tan Shilling	8.1898
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	208.176
Tonga Islands	Pa'anga	0.8647
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.4131
Turkey	Lira	80.00
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8647
Uganda	Ug. Shilling	7.3646
United Arab Emir.	UAE Dirham	3.69
United Kingdom	£ Sterling*	9.3645
Upper Volta	C.F.A. Franc	208.173
Uruguay	Urug. Peso	8.15
U.S.S.R.	Rouble	0.637
Vanuatu	Aust. $	0.8647
Vanauta*	FNH	57.9834
Vatican	Italian Lira	850.60
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.16
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9157
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	27.30
Zaire Republic	Zaire Zaire	1.9949
Zambia	Kwacha	0.7809
Zimbabwe	Zim $	0.5935

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.
(5) New Hebrides Independence 30/7/80 now named Vanuatu.

INTERNATIONAL MONEY MARKET

German rates steady

There was no change in West Germany's key lending rates after yesterday's meeting of the Bundesbank central council, but the authorities increased market liquidity by reducing reserve asset ratios by 10 per cent on domestic and foreign liabilities. This will take effect from September 1, about the same time as funds will be drawn out of the market by tax and social security payments, and the repayment of various official money lending facilities. There were no other changes in policy, so the discount rate remains at 7.5 per cent and the Lombard rate at 9.5 per cent. Although the market in general had tended to rule out any change in rates, some dealers thought the authorities may have reduced the Lombard rate by half a point, since call money is still only trading around 8.65 per cent. However this is firmer than the level seen earlier this week, when call money dropped to 7.625 per cent, its lowest since last February. Yesterday call money rose to 8.6-8.7 per cent from 8.325 on Wednesday.

In Paris call money remained at 11¼ per cent unchanged from Wednesday, while period rates showed a slightly firmer tendency, being quoted at 11⅛-11¼ per cent for one to 12-months, compared with 11-11⅛ per cent previously.

In Amsterdam interbank money rates were generally firmer, with period rates adding ⅛ of a point to Wednesday's levels, while call money rose from 10-10¼ per cent to 10⅛-10⅜ per cent.

MONEY RATES

NEW YORK

Prime Rate	11-11¼
Fed. Funds	9¾-9⅞
Treasury Bills (13-week)	9.23
Treasury Bills (26-week)	8.68

GERMANY

Discount Rate	7.5
Overnight Rate	8.65
One month	8.65
Three months	8.80
Six months	8.40

FRANCE

Discount Rate	9.5
Overnight Rate	11.25
One month	11.1875
Three months	11.1875
Six months	11.1875

JAPAN

Discount Rate	9.0
Call (Unconditional)	11.50
Bills Discount (three-month)	—

UK MONEY MARKET

Further shortage

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Day to day credit continued to be in very short supply in the London money market yesterday, and the authorities gave assistance on an exceptionally large scale. This comprised small purchases of Treasury bills and local authority bills, direct from discount houses, and very large loans to 9 or 10 houses at MLR, for repayment today. The authorities also entered into another sale and repurchase agreement, involving a large number of commercial bills.

The market was faced with the repayment of Wednesday's large official lending, and an extremely large excess of revenue transfers to the Exchequer over Government disbursements. This was partly offset by banks bringing forward balances a moderate way above target.

In the interbank market, overnight loans opened at 17¼-17½ per cent and dipped to 16¾-17 per cent before coming back on the forecast to 17¼-17⅝ per cent. It touched 17¾-18 per cent just before noon but settled back in the afternoon to 16¾-17 per cent, but late demand pushed up closing rates to around 20 per cent.

GOLD

Firm trend

Gold continued to improve in the London bullion market yesterday, closing $9 an ounce higher at $642-645. After opening at $641-644, the metal tended to drift a little, touching $636 at one point, before coming back around the opening of U.S. markets.

In Paris the 12½ kilo bar was fixed at FFr 85,800 per kilo ($640.11 per ounce) compared with FFr 86,800 ($647.03) in the morning and FFr 84,900 ($634.20) on Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 37,190 per kilo ($641.93 per ounce) against DM 36,140 ($625.02) previously, and closed at $644-647 compared with $633-636 on Wednesday.

In Zurich gold finished at $643-646 against $633-636 previously.

	Aug. 21		Aug. 20	
Gold Bullion (fine ounce)				
Close	$642-645	(£270¾-272)	$633-636	(£267¼-268½)
Opening	$641-644	(£270½-271¾)	$621-624	(£259¾-264)
Morning fixing	$640.50	(£270.481)	$632.79	(£263.319)
Afternoon fixing	$645.25	(£273.372)	$634.75	(£266.031)
Gold Coins				
Krugerrand	$661-663	(£278½-280)	$653-655	(£275½-277½)
Mapleleaf	$658-661	(£277½-279½)	$647-651	(£275-276)
New Sovereigns	$159¼-163½	(£68⅛-69¼)	$160¼-161¼	(£57½-68½)
King Sovs	$184-186	(£77½-78½)	$186-188	(£78½-79½)
Victoria Sovs	$184-185	(£77½-78½)	$186-188	(£78½-76½)
French 20s	$162-164		$160-163	
50 pesos Mexico	$793-795		$782-785	
100 Cor. Austria	$625-629		$615-620	
$20 Eagles	$758-762		$756-760	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

Aug. 21 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	18¾-20	—	—	—	—	15⅛-18	—	—	—
2 days notice	—	—	17¼-17⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17-17¼	17¼	—	17⅛	—	15⅞-18	—	—	—
One month	15¾-18⅛	16¾-15⅞	16⅝-17	17⅜-17⅝	17	17-17¼	15¾	14⅝	15⅝-18⅛	18⅞
Two months	15⅝-16⅛	18⅝-15¾	—	17⅛-17¾	10⅞	—	15⅝	14⅞-14⅞	18¼-16⅛	15⅝
Three months	16⅞-16⅞	16½-15⅝	16⅛-16⅞	17-17½	16¾	16¾	16⅛-15¼	14⅞-14⅞	15¾-15⅛	16⅛
Six months	15⅞-15⅞	15⅞-16	15¾-16	15⅛-16	16¼	15½	—	—	14⅞-14⅞	15¼
Nine months	15⅛-16	15¼-16⅝	—	15½-15⅞	15½	16	—	—	—	—
One Year	14⅝-14⅞	14⅞-14⅞	14⅞-14¾	14⅝-14⅞	15	15⅛	—	—	—	—
Two years	—	—	14¼-14⅜	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14-14¼ per cent; four years 14-14½ per cent; five years 14 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅞-15½ per cent; four-month trade bills 15⅞ per cent.

Approximate selling rate for one-month Treasury bills 14⅞ per cent; two-months 14⅞-14⅞ per cent; three-months 14⅞ per cent. Approximate selling rate for one-month bank bills 16⅛-16⅛ per cent; two-months 16⅛-16⅛ per cent; three-months 15¾-15⅞ per cent; one-month trade bills 16⅝ per cent; two-months 16⅝ per cent$ and three-months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from August 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.9091 per cent.

Companies and Markets

WORLD STOCK MARKETS

Further early Wall St. rally

WITH SPECIAL situation issues dominating investor attention, Wall Street continued Wednesday's afternoon rally in very heavy early trading yesterday, recording widespread gains at mid-session.

The Dow Jones Industrial Average was 5.37 firmer at 950.68 at 1 pm, while the NYSE All Common Index advanced 66 cents to $71.67 and rises outpaced declines by a three-to-one ratio. Turnover swelled to 35.55m shares from Wednesday's 1 pm figure of 27.28m.

Analysts said the selling early this week that resulted from rising interest rates appeared to have run its course, and demand was buoyed by speculative interest in take-over issues. However, interest rates on Bonds were rising following Federal Reserve action in the Government securities market. Analysts said the development could undercut stock prices.

Active *Tesoro Petroleum* rose 2⅜ to $30 despite rejecting take-over approaches from Diamond Shamrock, which has acquired 630,000 Tesoro shares. Shamrock put on ½ to $32.

Recognition Equipment, which has been rising sharply in recent sessions, gained $1 to $16 after a late start. The company reported a sharp earnings improvement on Monday.

Barry Wright which raised the dividend and announced a two-for-one stock split, jumped 2¼ to $34½.

Southwest Forest Industries put on ⅞ to $20⅜. E. F. Hutton, which picked up ¼ to $34⅞, has acquired 10 per cent of Forest as an investment.

THE AMERICAN SE Market Value Index gained 4.17 more to 328.83 at 1 pm. Volume 5.49m shares (3.56m).

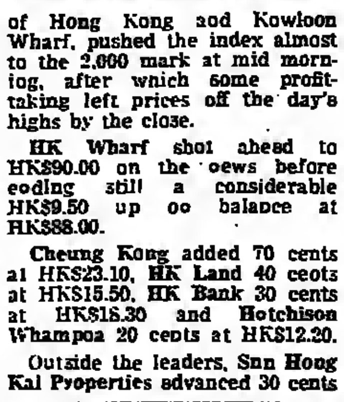
Canada

Stock prices mainly moved further ahead in a large turnover yesterday morning, the Toronto Composite index rising 15.3 to 2,261.7 at noon. Golds gained 85.3 to 5,061.4 and Oil and Gas 36.4 to 4,905.5. In Montreal, Utilities advanced 6.51 to 274.77.

Hong Kong

The market moved ahead sharply in extremely heavy dealings, leaving the Hang Seng index 26.62 higher at a new closing seven-year peak of 1,195.04. Turnover on the four exchanges expanded to HK$519.41m from Wednesday's total of HK$412.74m.

Renewed buying interest, stimulated by news that Sir Y. K. Pao is taking over as chairman



of Hong Kong and Kowloon Wharf, pushed the index almost to the 2,000 mark at mid morning, after which some profit-taking left prices off the day's highs by the close.

HK Wharf shot ahead to HK$90.00 on the news before ending still a considerable HK$9.50 up on balance at HK$88.00.

Cheung Kong added 70 cents at HK$23.10, HK Land 40 cents at HK$15.50, HK Bank 30 cents at HK$18.30 and Hutchison Whampoa 20 cents at HK$12.20.

Outside the leaders, Sun Hong Kai Properties advanced 30 cents to HK$18.10 and Overseas Trust Bank also 30 cents to HK$7.10.

Germany

Bourse prices generally rallied following the weak performance earlier in the week. The Commerzbank index picked up 5.1 to 736.0.

The market was buoyed both by stronger overnight securities markets on Wall Street as well by expectations that the Bundesbank would lower the minimum reserves requirement. News that Bundesbank was lowering the requirement by 10 per cent came in the closing minutes of the session.

Banks were prime beneficiaries of this anticipated Bundesbank move. Commerzbank and Dresdner Bank gained about DM4 apiece, while Deutsche Bank rose DM2.50.

Tokyo

Market ended with an easier bias after an active business, with many recently strong Blue Chips and Populars down on late profit-taking.

The Nikkei-Dow Jones Average slipped back 25.07 to 6,853.69 and the Tokyo SE index shed 1.20 to 477.19. Volume came to 410m shares (300m).

Light Electricals came back sharply, TDK Electronic receding Y80 to Y2,650 and Pioneer Electronic Y40 to Y2,180. Green Cross retreated Y60 to Y1,930 in Pharmaceuticals, while Trading House Mitsubishi lost Y11 to Y704.

However, Steels and Heavy Electricals improved on buying by foreign investors and Japanese institutions. Hitachi rose Y6 to Y313, Toshiba Y3 to Y208 and Nippon Steel Y2 to Y141.

Constructions firmed on speculative buying on reports that the Government would increase public works spending.

Australia

Increasing investor confidence about the new Federal Budget, released on Tuesday night, together with a set of encouraging profits results and an overnight rise in the international gold price, helped to send shares mainly higher yesterday. The Sydney All Ordinaries index climbed 6.57 to an all-time peak of 974.03, while the Industrials sub-group index rose 6.71 to 728.40 and the Metals and Minerals index 49.96 to 6,295.28.

Market leader BHP jumped 50 cents to A$16.00, while Brambles, on its higher dividend and profits, gained 6 cents to A$2.60. Comalco put on 6 cents to A$6.00 and Associated Pulp 10 cents to A$2.20.

Uranium stocks continued to attract attention in response to sales by the Ranger project to Japan and Germany. Gains included Peko and Queensland Mines, up 20 cents each to A$9.20 and A$9.00 respectively, and Kathleen Investments, which added 30 cents at A$7.00.

Among Gold shares, Hill 50 gained 10 cents to 90 cents and Poseidon 40 cents to A$4.90.

Western Mining rose 8 cents to A$6.24, CRA 12 cents to A$6.22, EZ Industries 14 cents to A$6.80 and Coal issue Utah 10 cents to A$5.40, but MIM shed 10 cents to A$5.30.

Among Oils, Hartogen moved ahead 20 cents to A$5.20 on news that the group has doubled its Kincora gas field reserve estimates. Santos improved 20 cents to A$14.00 in response to a 67.5 per cent Interim profits rise. Crusader Oil gained 15 cents to A$4.25.

Johannesburg

Gold issues gained fresh ground in a fair business, but closed below the best in places, moving with the Bullion price. Overseas interest was lacking, however.

Heavyweights were up to 175 cents higher, as in West Dries, R108.00, and Western Holdings, R96.75. Medium and Lightweights gained up to 100 cents. headway, but Union Steel lost 5 cents to R1.65

Closing prices for North America were not available for this edition.

NEW YORK

Indices

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SWEDEN

GERMANY

AUSTRIA

SOUTH AFRICA

BELGIUM/LUXEMBOURG

SWITZERLAND

JAPAN

BRAZIL

NEW YORK ACTIVE STOCKS

Financial Rand US$0.82 (Discount of 37½%)

COMMODITIES AND AGRICULTURE

Milk sales decline slows

By Our Commodities Staff

THE DECLINE in British liquid milk consumption slowed down last month, figures published by the Milk Marketing Board (MMB) show.

In July sales of liquid milk off farms in England and Wales totalled 529.3m litres, 1.55 per cent down on the same month last year. But this was a significantly stronger performance than in June when sales were 2.8 per cent down on June 1979. In May they were 3 per cent down.

The relative improvement could be short-lived, however. A 1p a pint increase in the price of the doorstep pinta this month is expected to lead to a renewed sharpening in the decline. And a further retail price rise is likely following the completion of a study of profit margins in the distributive sector this autumn.

Farm and Food Minister Mr. Peter Walker has resisted pressure from milk producers and distributors for a more substantial increase in the price partly because of his fears that it would push consumption down even more steeply. But the National Farmers' Union, the Dairy Trade Federation and the MMB claim that a further rise in the price is vital if a serious cut in production is to be avoided.

British dairy cows are already being slaughtered in increasing numbers as producers take advantage of an EEC "golden bandshake" scheme designed to reduce the Community's structural dairy surplus.

World aluminium output figures

WORLD PRIMARY aluminium production as reported by members of the International Primary Aluminium Institute was 1.06m tonnes in July compared with 1.03m in June and 971,000 for July last year.

Production in North America was 479,000 tonnes against 474,000 in June and 432,000 in July last year. In Europe it was 306,000 tonnes (294,000 and 289,000) and in East Asia 102,000 (95,000 and 90,000).

Latin American production was 69,000 tonnes against 68,000 and 58,000 and south Asia produced 32,000 tonnes against 29,000 and 34,000.

Reuter

Chile plans copper output increase

BY ROY HODSON

CHILE, the world's 13th largest copper producer, intends to increase output by 50 per cent during the 1980s. The bulk of the extra production will come on stream between 1985 and 1990.

General Ruben Schindler, vice-president of the Chilean Copper Commission, said in Santiago that the level of production will rise from around 1m tonnes a year to at least 1.5m tonnes a year.

A number of new mining projects in Chile are currently being studied by private companies. It is being estimated that new investment in Chilean copper during the 1980s will reach some $6.5bn.

General Schindler said the Exxon Corporation, owner of the Disputada de las Condes mine complex near Santiago is considering the possibility of expanding output to around 250,000 tonnes of fine copper a year—ten times the present production level. The cost of such an investment is put at more than $1.2bn.

Some 400 kilometres northwest of Santiago the Los Pelambres deposit is being explored by Anaconda Copper an Atlantic Richfield subsidiary.

An investment of some $1.5bn would be needed to being a new mine complex there into production over a period of eight years. Anaconda has reported that the deposit contains 200m tonnes of copper ore.

Chilean policy, according to General Schindler is that all new mining capacity will be brought on stream by private companies while output from state-owned mines will continue at around the present level of 850,000 tonnes a year.

If the projected capacity increases are achieved they should be sufficient to maintain Chile's share of the world market at 13 per cent.

Other prospects for change in the Chilean copper industry include the possibility sale of state-owned mines to the sector and some increase in copper refining capacity to match the mining expansion. When a new refinery, Lo Aguirre, comes on stream next year refinery capacity will be increased from 789,000 tonnes a year to 806,000 tonnes a year.

General Schindler mentioned two other new mining projects. Andacollo mine should start production in 1984 with an estimated output of 75,000 tonnes a year. That will be a $350m investment by Norando Mines. Feasibility studies are being carried out at Quebrada Blanco. If the partnership of Superior Oil, Falconbridge Nickel Mines, Canadian Superior Oil and McIntyre Mines decides to go ahead, it could be in production in 1986.

Quebrada Blanca would have an annual production of 100,000 tonnes of copper and would represent an estimated investment of $630m.

On the London Metal Exchange yesterday copper prices continued to soften on the expectation of the U.S. copper workers' strike being settled. The cash metal price fell £5 to £856.5 a tonne.

In Phoenix, Arizona, spokesmen for the strikers and the Kennecott Corporation, one of the biggest of the companies involved, expressed guarded optimism over the way talks were going.

Costa Rica reopens coffee exports

BY RICHARD MOONEY

COSTA RICA yesterday became the first coffee producer to follow Brazil's move earlier this week by reopening its exports.

Brazil ended its seven-week export ban on Tuesday night and other Central American producers who supported the ban are expected to resume exporting soon. In New York traders reported that Mexico and Nicaragua were considering bids for coffee though exports were still officially closed.

The mass suspension of exports was an attempt, which proved abortive, to halt a sharp decline which had wiped £300 a tonne off world prices in a month. But it had little effect on a market which was already over-supplied and prices have fallen by over £200 since Brazil first imposed the ban on July 4.

Following the reopening of Brazilian export registrations London dealers suggested that a rush of roaster buying might actually lift prices in the short term. But yesterday London futures prices slipped further with the November position ending the day £46.50 lower at £1,219.5 a tonne.

In Hamburg coffee market traders said demand for Brazilian coffee was good. They estimated U.S. buyers had contracted 100,000 bags (60 kilos each) and Europeans 300,000 bags—under special deals negotiated before the ban was imposed. European roasters enjoy a slight price advantage over the Americans. Brazil has kept its minimum export price at the pre-ban level but discounts available under the deals bring it closer to the world market level.

So far, however, demand has not matched up to expectations. When the lifting of the ban was first announced some merchants forecast that registrations would reach 1m bags within a few days as roasters rushed to cash in on the large discounts available.

Second Thai sugar deal

BY OUR COMMODITIES STAFF

THAILAND HAS concluded a second barter deal to boost its supplies of refined sugar.

In an attempt to ease its domestic supply shortage the Thai government last week signed an agreement with Tate and Lyle covering the import of 200,000 tonnes of white sugar in exchange for 220,000 tonnes of raws. Yesterday it announced a similar deal with Kerry Trading of Hong Kong, under which it will receive up to 255,000 tonnes of whites.

The refined sugar will be shipped from neighbouring countries, he added.

Inco cuts nickel production

By Roy Hodson

ONE OF the two nickel refining lines at Inco's plant at Clydach, South Wales, is to be shut temporarily because of a fall in demand for the metal. Details of the Welsh closure are still being worked out.

The scheme was announced by Inco last night as part of a new global strategy by the group to match production with the low level of demand.

Declining nickel sales have forced Inco to cut production throughout its international operation. Demand, says the group, has fallen in almost every nickel-using sector. The steel industry which uses half the nickel produced in the world is now buying less than for many years past.

Inco's immediate plans to meet the recession were listed in a statement from the group's Toronto headquarters yesterday.

At the Ontario division, the company discontinued ore production at its Clarabelle open pit at the end of June and will continue its manpower reduction policy which began in July.

At the Manitoba division some of the mine workers will be diverted from production to development work which will result in lower production than previously anticipated.

Inco said finished nickel production was 210 lb during the first six months of 1980. It added that it could not predict what production cutbacks, if any, will continue into or be required in 1981.

Dunedin wool sale easier

DUNEDIN, New Zealand—prices at the first Dunedin wool sale of the 1980-81 season were slightly down compared with the recent Christchurch and Invercargill sales, but they were the same as those ruling at this time last season.

Demand came mainly from China, local mills and Western Europe.

The New Zealand wool Board gave moderate support to the market, bidding on 37.6 per cent of the offering, and purchasing or having passed in 2,350 bales, which was 12.4 per cent of the offering. Reuter

LIVESTOCK

Belgian butchers like more muscle

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

ALTHOUGH IT is treasonable for an English farmer to say so, I maintain that the best steaks to be had anywhere in Europe are in Belgium. The cooking has, of course, something to do with it, but basically I believe it to be because of the specialised breeding of their beef cattle, notably the rather clumsy White Blue cattle.

Their chief characteristic is the exaggerated muscling, particularly of the hindquarters, along the loin and on their shoulders. This means that the amounts of lean meat to be cut from a carcase are claimed to be greater than from any other breed. A claim which, by the way, is disputed by the breeders of some of the other beef breeds found on the Continent.

This characteristic was probably developed at a time when cattle were used as draught animals. It was largely lost in the interwar years when milk production was more lucrative. But since the last war the strain has been very much revived, and this breed, or its crosses, account for about 60 per cent of Belgian cattle herds.

Its advantages are illustrated at the cattle testing station at Ciney where, compared after slaughter with dual-purpose cattle of the same age and weight, probably Friesian crosses, they showed very considerable differences. Yielding more muscle, ie, lean meat, less fat and bone and, more importantly, being priced on the market at BFr 109 a kilo as against BFr 67 for the dual-purpose animals.

I saw examples of both types at the centre and there was nothing outwardly wrong with the dual-purpose cattle as far as conformation was concerned. There must be something in the quality of the meat which makes the Belgian butchers buy these carcases at such a premium.

But farming these cattle, which on the surface looks quite easy, requires a considerable amount of skill. Because of the exaggerated muscular development, calving is very difficult. In the majority of the herds the calves have to be born by Caesarean section. This immediately precludes their use as ranch-type cattle. When crossed with other breeds the calves are not so big and they can be born naturally. I should emphasise that the difficulty arises because of the size of the calves' hindquarters.

They are usually single suckled, in grass fields in the summer and yarded in the winter. But I did visit one farmer who, with his wife, had 30 cows. They were milked twice a day and the milk was then fed to the calves which were reared separately, any surplus milk was made into butter which was sold for additional income. This couple were also fattening a few bulls and these animals were getting skimmed milk as part of the diet.

Caesarean calving does limit the number of calves any cow can have and the usual practice is to allow for three or four calves before the cow is slaughtered. Unlike the case in Britain, the flesh is valued at almost as high a price as the young cattle.

These cattle can look very odd to those accustomed to traditional British breeds. They are often narrow gutted and the patches of muscle on the ribs and shoulders are sometimes almost grotesque. But still they suit the Belgians and that is the proof of the pudding.

The Belgians have also developed the same degree of muscling on their Landrace pigs, with exaggerated hams and very broad backs. The Landrace is widely bred in western Europe but I thought the ham development was better than any I had seen. I was told that this was because they had been breeding particularly for this characteristic, and that a large proportion of the carcasses were exported.

There was a heavily muscled pig in Belgium, a spotted breed called the Pietrain. I should think that the muscling originally came from this source. There is no doubt that the muscling leads to leaner carcases, but the Pietrain had the drawback that it was very subject to stress.

The Belgian Landrace also can suffer from this and all breeding pigs are tested to establish the degree of stress they are subject to, a simple operation of a few weeks old. There must be something in the old saying of laugh and grow fat.

The most interesting facet of the pig farming I saw was that the pigs seemed to be able to be kept on a completely ad lib diet and yet produce almost fat-free carcases. Under similar management most British pigs become far too fat.

Although I doubt if the White Blue cattle will have much application outside Belgium, I am sure more will be heard of their Landrace Pig.

'Warm' reception for Walker

MR. PETER WALKER, the UK Agriculture Minister, has been promised a "warm" reception when he speaks to Devon farmers early next year.

The Minister has accepted an invitation to address the Devon County branch of the National Farmers' Union on January 19 and he can expect to be given a hard time on the problems of the dairy sector, which accounts for a large part of West Country agriculture.

"We shall certainly want to talk about milk," said branch secretary Mr. Gerry Symons yesterday. "Hundreds of our farmers have given up, and thousands of cows are being slaughtered because of the cost/price squeeze."

Poor returns on sheep, the British taxpayers' "subsidy" to Irish beef producers and "crippling" interest rates were other matters Mr. Walker would be questioned on, Mr. Symons stated.

"We are looking for action on these matters long before January, but whatever happens the Minister is bound to get a warm reception in Devon."

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Fell sharply on the London Metal Exchange. Forward metal opened at £879 and quickly gave ground to touch £871 during the morning, reflecting the possibility of an end to the copper workers' strike. Short-covering then lifted three months to £878 on the morning Kerb. In the afternoon New York opened in line with London and forward metal eased to close the late Kerb at £871. However, in the latest inter-office trading a sharp decline in New York, reflecting heavy stop-loss selling, depressed forward metal to £863. Turnover: 18,800 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £866, three months £872, 71, 71.5, 72, 73, 73.5, 74, 73.5, 74. Cathodes: cash £851, 50.5, 50, three months £862. Kerb: Wirebars, three months £875, 76, 75.5, 76. Afternoon: Wirebars, three months £876, 75, 72, 72.5, 72, 72.5, 73, 73.5, 73. Cathodes, cash £853. Kerb: Wirebars, three months £872, 71, 72, 73, 72.5, 72, 71, 71.

[illegible]

TIN—Easier following a fall at Penang, hedge selling and talk of arrivals of material into LME warehouses. Forward metal opened at £7,125 and eased to £7,120 during the morning with offerings of cash metal widening the contango to £30 at one point. In the afternoon the market steadied as covering against American physical demand lifted forward metal to £7,140 on the late Kerb. Turnover: 775 tonnes.

Morning: Standard, cash £7 110, 11, three months £7,125. Kerb: Standard, cash £7,110, three months £7 120. Afternoon: Standard, three months £7,145, 40, 45.

[illegible]

LEAD—Marginally easier although large volumes were traded throughout the day. Forward metal moved narrowly between £378 and £381, prior to ending the late Kerb at £379.5. Most of the activity was in cash material although at the close the contango had narrowed by only £1. Turnover: 23,900 tonnes.

Morning: Cash £368, 66, 68, 67, three months £379, 79.5, 80, 79.5, 80. Kerb: Three months £379.5, 80. Afternoon: Three months £380, 79, 79.5. Kerb: Three months £379, 80, 79.

[illegible]

ZINC—Slightly easier in subdued trading with forward metal falling back in the afternoon owing to the downturn in other metals, to close the late Kerb at £340.5. Turnover: 3,300 tonnes. Morning: three months £342. Afternoon: Three months £342, 41.5, 41, 41.5, 41, 40.5.

[illegible]

ALUMINIUM—Lower for three months' material although the continuing, light, nearby supply situation encouraged further demand for cash metal and widened the backwardation to £40. Turnover: 5,975 tonnes.

Morning: Three months £736, 37. Kerb: Three months £736, 37, 38. Afternoon: Three months £737, 36. Kerb: Three months £736, 37, 38.

[illegible]

NICKEL—Barely changed with three months closing the late Kerb at £2,796. Turnover: 450 tonnes.

Morning: Cash £2,765, 75, three months £2,800. Afternoon: Cash £2,760, three months £2,795, 2,800.

[illegible]

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

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CORAL INDEX: Close 493-498 (+3)

SILVER

Silver was fixed 12.4p an ounce higher for spot delivery in the London bullion market yesterday at 685.6p. U.S. equivalents of the fixing levels were: Spot $18.225, up 29.4c; three-month $18.638, up 30.5c; six-month $17.035, up 27.8c; and 12-month $17.91, up 29.4c. The metal opened at 685p-694p ($18.25-$18.45) and closed at the same level.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	685.60p	+12.4	690.0p	+4.0
3 months	712.10p	+12.3	718.0p	+5.75
6 months	734.60p	+12.6	—	......
12 months	778.40p	+12.1	—	......

LME—Turnover 110 (104) lots of 10,000 ozs. Morning: Three months 710, 15, 16, 15.5. Kerbs: Three months 715.5. Afternoon: Three months 722, 21, 21.5, 20, 15, 19. Kerbs: Three months 718, 17, 16, 17, 17.5, 18, 18.8.

COCOA

Trading within a narrow range, futures eased during the afternoon session, but steadied to close at levels little altered to Wednesday evening, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
Sep	952-995	-2.5	960-960
Dec	995-998	-2.0	1006-998
March	1039-40	+1.0	1048-55
May	1060-64	+1.50	1058-50
July	1080-85	-1.0	1090-80
Sept	1100-10	+2.5	—
Dec	1185-55	+2.5	—

Sales: 2,009 (1,594) lots of 10 tonnes.

COFFEE

Robustas continued the recent downward trend as commission house selling induced early losses in light volume, reports Drexel Burnham Lambert. News that several of the Latin American producers had reopened registrations for exports prompted Trade and producer support lifted values slightly before further commission house selling pushed prices back towards the lows.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	1175-78	-38.0	1192-65
Nov	1219-20	-46.5	1241-11
January	1248-55	-51.0	1280-46
March	1246-50	-41.0	1275-46
May	1255-68	-50.3	1285-72
July	1260-75	-32.5	1290-80
Sept	1280-90	-32.5	—

Sales: 3,333 (3,050) lots of 5 tonnes.

ICO Indicator Prices for August 20 (U.S. cents per pound): Other Mild Arabicas 138.50 (135.83); Robustas ICA 1976 137.00 (same). ICA 1968 137.25 (same). Unwashed Arabicas 213.50 (207.50). Comp. daily ICA 1968 171.58 (169.72).

GRAINS

LONDON GRAIN FUTURES—Wheat opened lower but good general buying support rallied the market quickly to trade 30p-50p higher. Later hedge selling and some profit-taking eased values back to close 5p-30p higher on the day. Barley saw good volume and values traded 50p-80p higher, although late pressure halted further rises and prices eased back, closing 30p higher on the day, reports Acli.

[illegible]

Business done—Wheat: Sept. 94.50-94.50, Nov. 97.75-97.05, Jan. 101.65-101.25, March 105.15-104.70, May 108.00-108.35, July 111.90-111.90. Sales 212 lots of 100 tonnes. Barley: Sept. 89.70-88.95, Nov. 93.65-93.30, Jan. 97.70-97.10, March 101.10-101.00, May 104.75-104.30. Sales 371 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, Sept. 99, Oct. 102.25, Nov. 103.40, Dec. 106.25, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Aug. 97.30, Sept. 98.10, Oct. 100.50, Nov. 101.75, Dec. 103.15, transhipment East Coast. English Feed fob Sept. 98, Oct. 100, East Coast sellers. Maize: French Sept. 123.50, transhipment East Coast. S. African Yellow Sept.-Oct. 90. Barley: English Feed fob Oct. 95 quoted. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 95.10, S. West 90.40, W. Midlands 94.30, N. West 95.90. Other milling wheat: W. Midlands 101.0.

RUBBER

The London physical market opened slightly steady, with little interest throughout the day, closing quiet. Lewis and Peat reported an fob September price for No. 1 RSS in Kuala Lumpur of 306.5 (307.5) cents a kilo and SMR 20 at 273 (272).

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Sept	63.10-64.00	65.30-65.90	63.10-62.50
Oct	63.50-64.10	64.50-64.80	
Oct-Dec	64.00-65.00	65.40-65.50	65.20-64.60
Jan-Mar	68.40-68.50	69.10-69.30	69.30-68.00
Apr-Jne	71.40-71.50	72.00-72.10	71.80-71.10
Jly-Sept	74.20-74.30	74.00-74.90	74.50-75.90
Oct-Dec	76.70-76.80	77.30-77.50	76.60
Jan-Mar	79.20-79.40	79.60-79.50	—
Apr-Jne	81.90-82.00	82.50-82.60	81.80

Sales: 291 (447) at 15 tonnes; 0 (6) at 5 tonnes.

Physical closing prices (buyer) were: Spot 62.50p (63.00p); Sept. 64.50p (64.75p); Oct. 65.00p (65.50p).

SOYABEAN MEAL

The London market opened slightly easier but found trade support particularly in nearby months, reports T. G. Roddick. Prices stayed in a narrow range and closed slightly steadier.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
August	112.50-20.0	+0.50	—
October	114.50-14.5	+0.20	114.50-14.00
December	118.50-18.5	+0.35	118.10-17.00
February	121.80-21.3	+0.80	120.70-20.50
April	122.00-23.0	+0.40	122.80
June	125.00-25.0	+0.75	—
August	125.00-26.0	+0.50	—

Sales: 71 (116) lots of 100 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 100 tonnes, bringing the total for the week so far to 119 tonnes. A slightly freer offtake occurred as average prices appeared to have stabilised, but much uncertainty still prevailed about prospects. Users were generally interested in further supplies of African qualities, with support in Turkish and Russian styles.

SUGAR

LONDON DAILY PRICE (raw sugar): £325.00 (£320.00) a tonne cif for Aug.-Sept.-Oct. shipments. White sugar daily price was £329.00 (£328.00).

In a market lacking incentive fluctuations were contained within a £4-£5 range of prices throughout the day, reports C. Czarnikow.

[illegible]

Sales: 4,072 (5,256) lots of 50 tonnes.

No. 2 CONTRACT—Close (in order buyer, business, sales): Aug. 300.00, 307.00, 305.00, 8; Oct. 345.75, 347.50, 349.50-343.00, 150. Sales: 158 (254).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.8 (same) a tonne for home trade and £417.00 (£410.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for August 20: Daily price 31.88 (31.33); 15-day average 32.03 (31.83).

WOOL FUTURES

BRADFORD WOOL—Very little business was reported, but there was enough to prevent further price cutting. Deliveries were also at a very low level.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. Oct. 459.0, 459.5, 460.0-450.0, 12; Dec. 465.5, 467.0, 466.3-465.0, 48; March 472.5, 473.0, 473.3-473.5, 61; May 475.0, 479.0, 479.0-473.5, 52; July 478.0, 478.5, 479.0-476.5, 13; Oct. 478.0, 479.0, 478.0-478.0, 10; Dec. 478.0, 380.0, 478.0-478.0, 5. Sales: 201.

LONDON NEW ZEALAND CROSSBREDS—Close (in order, buyer, seller, business, sales). New Zealand cents per kilo. Aug. 353, 364, nil, nil; Oct. 358, 360, 361-359, 12; Dec. 362, 365, nil, nil; Jan. 364, 366, 366-365, 4; March 368, 368, 367, 3; May 368, 374, 368, 2; Aug. 371, 373, nil, nil; Oct. 371, 375, 373, 2—Dec. 372, 374, nil, nil; Jan. 373, 376, nil, nil. Sales: 23.

POTATOES

LONDON POTATO FUTURES—The potato market was steady at lower levels today, with profit-taking holding levels to £40 on November. Some fresh buying towards the close moved values off the lows to finish steady, reports Coley and Harper. Closing prices: Nov. 40.20, —40 (high 40.20, low 40.00); Feb. 47.00, —70 (high 47.00, low 46.90); April 53.90, —40 (high 54.00, low 53.70). Turnover: 87 (83) lots of 40 tonnes.

HIDES—Manchester: Little change. Second clears. Ox 31/33.5 kilos 33.3p a kilo (34.0p per kilo); 26/30.5 kilos, 39.9p (39.7p); 22/25.5 kilos 43.2p (43.2p). Light cows 42.7p (42.5p).

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.20, codlings £2.60-£3.30. Large haddock £3.00-£4.20, medium £1.80-£2.80, small £1.40-£1.80. Large plaice £5.40-£5.70, medium £4.00-£5.00, best small £3.00-£4.00. Skinned dogfish (large) £8.00-£9.00, (medium) £5.00-£6.00. Lemon soles medium £7.00-£7.50. Saithe £1.50-£3.00.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on August 21. GB cattle 73.69p per kg lw (−0.11); UK sheep 110.37p per kg est dcw (−2.85); GB pigs 63.61p per kg lw (−2.03).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 61.5 to 65.8; Eire hindquarters 73.0 to 75.0, forequarters 39.0 to 41.0. Veal: Dutch hinds and ends 97.0 to 102.0. Lamb: English small 48.5/ to 55.0, medium 45.0 to 54.0, heavy 38.0 to 48.0. Scottish medium 46.2 to 50.8, heavy 42.0 to 48.0. Imported frozen: NZ PL 58.0 to 59.0, PM 51.0 to 51.5. Pork: English, under 100 lb 40.0 to 48.0, 100-120 lb 38.0 to 48.0, 120-160 lb 35.0 to 44.5. Grouse: Young (best) each 200.0 to 240.0, Old each 100.0 to 140.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Outspan: Valencia Lates 48 5.40, 56 5.75, 72 5.85, 88 5.45, 112 4.30, 138 3.95, 160 3.20; Navelatas 48 5.20, 56 5.90, 72 5.60, 88 5.10, 112 4.05, 138 3.75, 150 3.00; Tomangos/Proteas 48 4.80, 56 5.20, 72 5.30, 88 4.80, 112 4.00, 138 3.65, 150 3.00; Californian Sunkist: Valencia Lates 72/113 5.20-8.40. Lemons—Italian: 100/150 9.50-7.00; Opal: Trays 25/48 2.80-3.00; S. African: 9.00-8.60. Grapefruits—Outspan: Marsh Seedless 4.50-9.75. Tangerines—Brazilian: Honey 80/125 per box 6.80, ½-boxes 3.30-3.50. Apples—French: Approx. 20 lb Golden Delicious 3.20; Spanish: 20 lb Golden Delicious 4.20; 40 lb 8.00-9.00. Pears—French: Per 28 lb Dr. Guyot 4.60, Williams 4.80-5.00; Italian: Per pound Dr. Guyot 0.14-0.15, Williams 0.19-0.22. Peaches—Italian: 1½-trays 2.80-3.50. Nectarines—Italian: 4.00-5.00. Plums—Italian: Bosse, approx. 20 lb Bellas 3.20-3.90; Spanish: Santa Rosa 1.00-1.50. Apricots—Hungarian: Per 10 lb 2.50. Grapes—Cypriot: Per pound Cardinal 0.35, Sultana 0.29-0.30, Alphonse Lavallee 0.50, Rozaki 0.40, Thomson 0.40; Italian: Per pack Regina 2.50. Melons—Israeli: Ogen 5.00-6.00; Spanish: Yellow 10 kg 3.00-4.20. Water Melons—Greek: Per 20 kg 4.50, per 15 kg 4.00. Bananas—Jamaican: 28 lb, per pound 0.18. Tomatoes—Jersey: 3.60; Guernsey: 3.30-3.80; Dutch: 3.60-3.80. Onions—Spanish: 4.20-4.40. Cabbages—Dutch: White 3.80-3.80. Capsicums—Dutch: Green 3.00, Red 7.00. Greengages—Spanish: 2.70-3.20.

English Produce: Potatoes—Per bag, new 1.00-1.30. Mushrooms—Per pound 0.30-0.80. Apples—Per pound Grenadier 0.06-0.08, Howgate 0.08-0.10, Derby 0.08, George Cave 0.16-0.20, Millers' Seedling 0.18-0.20, Discovery 0.18-0.28, Bramleys 0.11-0.14. Plums—Per 12 lb Czar 1.00, Oullin's Gage 1.40, Bellas 1.80. Cabbages—Per bag 1.80. Cauliflowers—Per 12 1.40-2.20. Peas—Per pound 0.06-0.07. Beetroots—Per bag 1.00. Cucumbers—Trays 10/20 2.80-3.00. Tomatoes—Per 12 lb 3.40-3.60. Lettuces—Per 12, round 0.90-1.20, Cos 1.20, Webbs 1.20. Carrots—New crop 28 lb 1.00-1.50. Onions—Per bag 2.20-2.40. Celery—Per 20/30 2.40-2.50. Marrows—Box 12/15 0.80-0.80. Capsicums—Per pound 0.15. Runner Beans—Per pound 0.12-0.13. Swedes—Per 28 lb Devon 1.00-1.30. Courgettes—Per pound 0.12. Sprouts—Per pound 0.12-0.14.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 21 1980	+ or —	Month ago
Metals	[illegible]		
Seeds			
Copra Philip	$450a	......	460
Soyabean (U.S.)	$512z	—2	‡
Grains			
Barley Futures	£93.55	+0.35	£94.70
Maize			
French No3AM	‡	......	‡
Wheat			
No.1 Red Spg.	‡	......	‡
No2HardWint	£07.50	+0.15	£91.75
Eng. Milling t.	‡	......	‡
Other commodities			
Cocoa ship't	£1,056	—2	£1,104
Future Dec.	£995.5	—3	£1,059
CoffeeF't Nov.	£1,210.5	—48.9	£1,302
Cotton A.Index	95.30c	+0.60	89.25c
Rubber (kilo)	52.60p	—0.50	55.79p
Sugar (Raw)	£325	+5	£253
Wooltops 64s kl.	286p kilo	......	288p kilo

‡ Unquoted. r Aug.-Sept. s Sept. t Oct. u Sept.-Oct. z Indicator. § Buyer. † Per 76-lb flask.

AMERICAN MARKETS

NEW YORK, August 21.

SUGAR RECOVERED from heavy commission house selling as reports continued to indicate that the beet crops behind in the Soviet Union was not sending additional deliveries to Poland. Guarded optimism regarding the strike settlement led to heavy pressure on copper prices. Sizeable deliveries in coffee brought prices down in trading. Precious metals declined on reports that the Soviet Union was not sending additional ... [illegible]

[illegible]

WINNIPEG, August 21. §Barley—Oct. 136.30 (135.80), Dec. 136.00 (135.80), March 138.30, May 136.70, July 136.50.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, August 21.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Aug. $208, Sept. $208, Oct. $212, Nov. $215. U.S. No. 2 Red Winter Sept. $197, Oct. $200, Nov. $203. U.S. No. 2 Northern Spring, 14 per cent, Aug. $210, Sept. $212, Oct. $217, Nov. $220, Dec. $225.

Maize—Afloat $168, Aug. $168, Sept. $165, Oct. $168, Nov. $166, Dec. $169, Jan.-March $172.50, April-June $173.

Soyabeans—U.S. Two Yellow Gulfports spot fob Paraguay/Gulf $297.75, Aug. $295.75, Sept. $298.50, Oct.-Nov. $306.50, Dec. $312.50, Jan. $317, Feb. $321.90, March $323.25, April-May $325.50. Argentine afloat $288, Aug. $280, Sept. $288.75, sellers.

Soyameal—44 per cent protein U.S. afloat $250, Sept. $259, Oct. $263, Nov.-March $272. Brazil Pellets afloat $254, Sept. $269, Oct. $273, Nov.-March $284.

PARIS, August 21.

Cocoa (FFr per 100 kilos)—Sept. 905-925, Dec. 935-955, March 985-995, May 1005-1025, July 1010, Sept. 1030-1060. Sales at call 0.

Sugar (FFr per 100 kilos)—Oct. 3240-3245, Nov. unquoted, Dec. 3306-3310, March 3400-3410, May 3355-3370, July 3250-3320, Aug. 3160-3250, Oct. 3050-3160. Sales at call 2.

INDICES

FINANCIAL TIMES

Aug. 20	Aug. 19	Mnth ago	Year ago
273.73	275.76	278.01	865.87

(Base: July 1, 1952=100)

MOODY'S

Aug. 20	Aug. 19	M'nth ago	Year ago
1238.9	1251.4	1198.5	1087.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 20	Aug. 19	Month ago	Year ago
Spot	447.87	446.74	434.40	401.57
F'tur's	464.14	464.14	448.59	411.95

(Average 1924-25-26=100)

REUTERS

Aug. 21	Aug. 20	M'nth ago	Year ago
1755.4	1725.5	1595.7	1571.3

(Base: September 18, 1931=100)

Palm oil output up in March

KUALA LUMPUR—Peninsular Malaysian crude palm oil production rose to 202,703 tonnes in March from a revised 166,641 in February and 158,636 in March, 1979. The rise in output was the first since last October.

Cumulative first quarter production rose to 536,623 tonnes from 441,776 in January/March 1979, according to government statistics.

Exports of crude palm oil recovered sharply to 8,667 tonnes in March from only 8 tonnes in February, against 21,335 a year earlier.

Processed palm oil exports from Peninsular Malaysia dipped to 182,276 tonnes in March after rising sharply to [illegible] in February, but were above the 110,086 tonnes exported in March 1979, the statistics department said.

First quarter cumulative processed exports were well above the same 1979 period levels at 515,583 tonnes against 331,803.

Institutional demand leads to broad-based advance
All-share index at all-time high and 30-share gains 6.2

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Aug. 11	Aug. 28	Aug. 29	Sept. 8
Sept. 1	Sept. 11	Sept. 12	Sept. 22
Sept. 15	Sept. 25	Sept. 26	Oct. 6

* "New time" dealings may take place from 9 am two business days earlier.

Further selective institutional buying had a marked effect in equity markets yesterday and took the FT-Actuaries All-share index up one per cent to 289.14 — its highest since compilation. The Industrial Group index put on 1.3 per cent to 257.83, its highest since May 18 last year when it was receding from its all-time high of 273.01 recorded a couple of weeks earlier.

Electricals and Stores were prominent in the rise, although the former ended below the best in places on profit-taking. The FT 30-share index made progress throughout the session and ended at the day's best with a rise of 6.2 for a two-day gain of 9.8 to 497.8; this compares with the 1980 peak of 503.1 recorded in the middle of last month.

A lengthy list of trading statements created a reasonable amount of interest. Of the bigger concerns, Shell held steady to firm and Barclays made progress on satisfactory half-yearly statements. Against the trend, ICI gave ground following reports that analysts had revised downwards their profits estimates for the second-quarter figures which are due to be announced next week.

Many of the day's rises reached double figures and were again accentuated by stock shortage, but there was little sign of any increase in trading activity with total bargains remaining around the recently depressed level of just over 17,000.

Barclays satisfy

British Funds also made headway, albeit on a rather modest scale. Business here remained at a low level, but after fluctuating narrowly mediums and longs ended with rises of ¼ and sometimes a little more, while shorts recorded gains extending to ⅛. The seasonally adjusted Public Borrowing Requirement had little impact on sentiment.

The overnight U.S. strength of the metal got Gold shares off to a firm start and the Gold mines index gained 11.2 for a three-day advance of 20.5 to a five-year high of 384.0. This responded to selective buying and Australian mining shares moved up in the wake of Sydney advices.

The firmer tone in equities was reflected in Traded options which attracted 1,465 deals — the highest total for nearly a month. Seven positions attracted a three-figure trade and the more active included Lonrho, 218, Imperial, 273, and Racal, 172.

The disappointing clearing bank interim dividend season was brought to a more satisfactory conclusion than expected by Barclays, which rose 5 to 425p after 427p in response to the 13 per cent first-half profits increase. Lloyds, 315p, and Midland, 335p, improved similarly in sympathy. Merchant banks met with selective support and closed firmer throughout. Hambros gained 10 to 558p, as did Hill Samuel, to 147p, while Kleinwort Benson put on 5 to 204p and Guinness Peat 5 to 131p.

Insurances failed to sustain the previous day's buoyancy. However, Pearl rose 4 more making a gain on the week so far of 30 to 426p ahead of next Wednesday's interim results. Equity and Law added 8 to 328p and Legal and General 3 to 227p.

Leading Breweries came in for scattered support; most finished a shade below the day's best, but closing gains still ranged to 9. Greenall Whitley were marked that much higher at 220p, while Bass picked up a couple of pence to 236p, after 238p.

Harris Queensway up

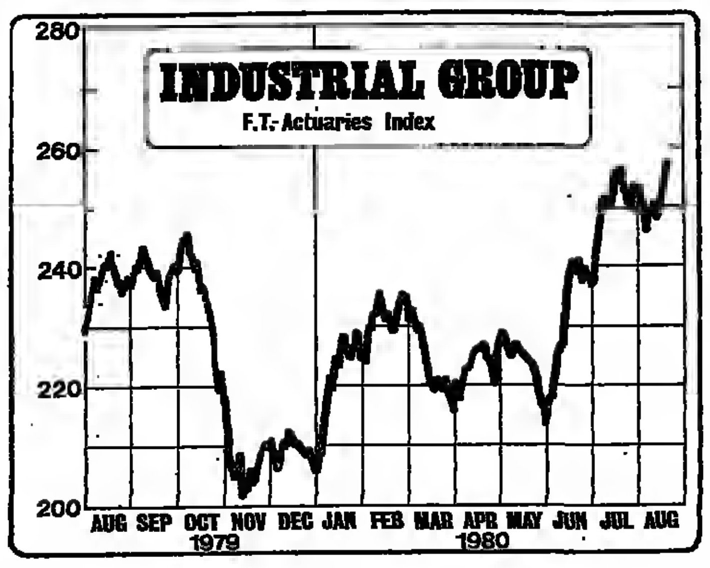
Gains in Buildings were sometimes exaggerated by stock shortage. BPB rose 7 to 238p, Redland 6 to a 1980 peak of 189p, and Tarmac 4 to 280p. Among Cements, Tunnel B stood out with a gain of 10 at 232p, after 234p, while Ready Mixed Concrete closed 2 dearer at 186p, after 187p. F. J. C. Lilley firmed 2 to a 1980 peak of 89p on news of contracts worth £17m, while William Whittingham put on 3 to 115p reflecting higher interim profits. Among Housebuilders, William Leech added 3 to 67p. Press comment on the Paint industry directed attention towards Manders which firmed 4 to 145p.

ICI shed 6 to 362p as analysts downgraded their profit estimates for the second-quarter figures due next Thursday.

Stores closed with useful gains although the level of business still left much to be desired. Gussies A rose 6 more to 465p and UDS 2 to 71p after the announcement of the deal involving the latter's mail order subsidiary, John Myers. Mothercare improved 5 to 250p. Secondary issues were featured by Harris Queensway, 10 better at 155p, while mail-orders also finished firm; Freemans rose 6 to 133p, while Grattan, 68p, and Empire, 170p, added 4 apiece. Higher preliminary profits and dividends helped A. J. Gelfer, and R. and J. Pullman, both 2 better at the common price of 45p.

Electricals continued to make strong progress with double-figure gains commonplace; most rises were exacerbated by stock shortage. Having risen to 500p late on Wednesday, GEC continued to improve and touched 511p before settling for a gain of 10 at 506p. Thorn EMI jumped 10 to 364p, while Racal firmed 6 to 291p. Plessey moved against the trend and finished 4 cheaper at 243p. Electronic issues were particularly strong; Electrocomponents added 15 more to 720p, while Unitech advanced 21 to 347p. Also buoyant were Eurotherm, 323p, Ferranti, 417p, and United Scientific, 318p, all up around 15. Recent takeover favourite Farnell picked up 12 to 377p, while the confident statement accompanying the annual results left Dale 2 better at 94p.

Already a couple of pence harder, Vickers improved further after-hours to close 5 up at 131p on the announcement that compensation has now been settled for the unquoted securities of British Aircraft Corporation at £95m. Among other Engineering leaders, Tubes rose 6 to 254p and Hawker 4 to 228p, while favourable Press comment helped John Brown put on 3½ more, making an advance on the week so far of 10 to 66½p. Elsewhere, ML Holdings highlighted with a jump of 37 to 355p in response to the bullish tenor of the statement which accompanied details of the proposed £2m rights issue. Mining Supplies added 9 to 146p on renewed speculative support and Saville Gordon hardened 2 to 37p following the results. B. Elliott, 262p, Jones and Shipman, 83p, and Martonair, 202p, all rose 6. By way of contrast, Westwood Dawes fell 6 to 26p on the interim dividend omission and first-half profits setback.



Reckitt wanted

Leading Foods made an impressive showing as renewed support, some of which was institutional, found the market short of stock. The prospect of a higher commodity price again directed attention toward sugar shares where Tate and Lyle put on 8 for a two-day gain of 12 to a 1980 peak of 162p and British Sugar rose 8 to 263p. Food Retailers were led higher by J. Sainsbury, another 12 to the good at 469p, after 470p. Associated Dairies gained 6 to 208p and Linfood 5 to 153p, while Tesco hardened a penny to 57½p.

Associated British Foods and Northern put on 3 apiece to 120p and 145p respectively, while Rowntree Mackintosh revived with a gain of 8 at 180p. Elsewhere, Needlers improved 1½ to 34½p despite the interim profits setback.

Among Hotels and Caterers, Queens Moat Houses firmed 2 to 37p following Press comment, while late support lifted recently neglected Brent Walker 4 to 67p.

Investment demand in a market none too well supplied with stock left closing improvements ranging to 12 in the miscellaneous industrial leaders. Ahead of the interim results, due next month, Reckitt and Colman rose 12 to 214p, while Boots continued to make good progress and closed 7 up at 241p. Metal Box were also notable at 286p, up 8. News of the proposed redundancies at its paper subsidiary's works at Aylesford had no adverse effect on Reed International which hardened 3 to 202p. Elsewhere, buying on hopes of good interim profits when the company report next month left BTR 13 to the good at 333p, after 338p, while De La Rue jumped 30 to 525p on share-slimming hopes.

HongKong and Kowloon Wharf rose 35 to 730p, after 750p, on the announcement that shipping magnate and major shareholder Sir Y. K. Pao is to replace Mr. David Newbigging as chairman. Speculative buying was evident in Booker McConnell, 4 dearer at 55p and Gripperrods, 5 harder at 169p, while J. Bibby gained 4 more to 214p. H. Brammer improved 4 to 151p helped by the announcement that the Prudential now hold a 7 per cent stake.

Horizon Travel, a good market since the interim results, added 5 more to 300p in a thin market, while Saga closed 2 firmer at 180p, after 181p. Elsewhere, Herrburger Brooks hardened a penny to 74p on the preliminary results. Television issues featured LWTA which put on 6 to 109p.

Among firmer Motor Components, Dowty rose 8 to 249p, while Flight Refuelling, dull of late on profit-taking, rallied 5 to 240p.

A reasonable business was transacted in Properties, but gains were modest. Among the leaders, Land Securities and MEPC added 3 apiece to 369p and 239p respectively. Elsewhere, Property Security Investment picked up 5 to 223p.

Lasmo down afresh

Shell and Lasmo provided the main points in Oils. The former firmed 4 to 424p on satisfaction with the second-quarter figures, but the latter, a volatile market since last Tuesday's interim, shed 20 to 880p, after 875p, on reports of a dry well in the Tiffany Field. British Petroleum moved narrowly before settling a couple of pence firmer on balance at 354p. Elsewhere, Ultramar remained on offer and shed 4 for a two-day gain of 8 to 346p, while IC Gas dipped 18 to 800p on profit-taking. Charterhouse attracted a good business and firmed 5 to 85p.

Among firmer Investment Trusts, Alliance, interim results today, rose 10 to 246p. In Financials, R. P. Martin continued to benefit from the good results and ended 3 up at 87p, while Charterhouse, interim due shortly, hardened 3 to 93p.

A firmer tone in Shippings left British and Commonwealth up 8 more at 368p and P & O Deferred a couple of pence better at 134p.

Textiles turned firmer, where changed. Scottish, English and European added 6 for a two-day gain of 9 at 56p following the increase in annual profits and Reliance Knitwear picked up a couple of pence to 25p for a similar reason, while speculative demand returned for Sirdar, 3 better at 93p.

Golds at 5-year high

A generally buoyant mining market was featured by the continuing strength of South African Golds as the bullion price added a further $9 for a three-day rise of $31 to $643.50. The Gold Mines index put on 11.2 more to 384.0—its highest since July 2 1975.

Golds were marked up sharply at the outset, following heavy overnight American buying, and made further progress during the morning on local, Johannesburg and Continental support. A minor reaction around midday failed to deter buyers and prices moved further ahead in the afternoon and after-hours' trading to close at the day's best.

Heavyweights recorded gains ranging to £1¼ as in West Driefontein, £38, while new 1980 highs were seen in Free State Geduld, ⅞ better at £29½, Hartebeest, ⅞ to the good at £32⅛ and Western Holdings, ¼ up at £20⅛. In the cheaper-priced issues, Grootvlei added 37 to 400p and Leslie 13 to 165p.

South African Financials moved similarly to Golds. "Anglo" advanced £1⅛ to £43; the price in yesterday's issue was incorrect.

London Financials were generally firmer but business fell away in the afternoon. Tanks rose 9 to 347p reflecting the good gains in the Ashton participants.

Australians moved up strongly in the wake of overnight domestic markets and the firmness of the bullion price.

Golds were outstanding with Poseidon 13 up at 238p, North Kalgurli 3 firmer at 90p, Allstate 8 higher at 98p and Hill 50 Gold 5 better at 45p.

The Ashton stocks attracted persistent support following rumours of further diamond finds. Ashton Mining jumped 12 to 160p, Northern Mining 10 to 140p and CRA a like amount to 310p.

Among the leading base-metal stocks, Western Mining gained 9 to a 1980 high of 310p.

Tins came in for fresh local demand amid continuing speculation that additional mergers are in the pipeline. Gopeng, the biggest gainer in the recent surge in share prices, put on 10 more to 650p, while Ayer Hitam advanced 30 to 370p, Berjuntai 10 to 265p, Tronoh a like amount to 345p and Idris 8 to 128p.

In Coppers, ZCI hardened 2 more to 45p but the sharp contraction in first-quarter profits depressed RCM by 20 to 170p.

FINANCIAL TIMES STOCK INDICES

	Aug. 21	Aug. 20	Aug. 19	Aug. 18	Aug. 15	Aug. 14	A year ago
Government Secs.	69.18	69.13	69.07	69.23	69.43	69.04	75.54
Fixed Interest	70.58	70.54	70.56	70.56	70.60	70.33	74.64
Industrial	497.8	491.6	488.1	487.6	483.8	477.3	463.1
Gold Mines	384.0	378.0	357.9	363.2	372.5	364.2	179.6
Ord. Div. Yield	7.27	7.36	7.42	7.42	7.46	7.58	7.04
Earnings, Yld. % (full)	17.16	17.30	17.43	17.42	17.56	17.80	17.53
P/E Ratio (net) (*)	7.04	6.98	6.93	6.94	6.89	6.79	7.16
Total Bargains	17,606	17,011	17,434	17,037	17,632	16,508	[illegible]
Equity turnover £m	—	99.85	108.83	88.36	88.84	85.00	88.82
Equity bargains total	—	12,976	13,408	13,366	11,667	11,561	11,284

10 am 496.0. 11 am 495.8. Noon 496.5. 1 pm 497.3. 2 pm 497.5. 3 pm 497.3.

Latest index 01-246 8026.

* Nil = 6.56.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.85 (7/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	503.1 (18/7)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	384.0 (21/8)	263.6 (3/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 21	Aug. 20
—Daily		
Gilt Edged	100.6	73.2
Industrials	110.6	88.5
Speculative	40.3	38.1
Totals	77.6	87.1
5-day Avrge.		
Gilt Edged	99.5	97.0
Industrials	96.7	93.5
Speculative	37.2	33.3
Totals	68.0	64.8

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (171)

BRITISH FUNDS (1)
AMERICANS (4)
CANADIANS (2)
BANKS (4)
BEERS (1)
BUILDINGS (5)
DRAPERY & STORES (4)
ELECTRICALS (19)
ENGINEERING (9)
FOODS (5)
HOTELS (1)
INDUSTRIALS (16)
INSURANCE (11)
LEISURE (1)
NEWSPAPERS (1)
PAPER (3)
PROPERTY (7)
TEXTILES (1)
TRUSTS (27)
OIL & GAS (1)
OVERSEAS TRADERS (2)
MINES (16)

NEW LOWS (19)

CHEMICALS (1)
BASF AG
STORES (3)
Preedy (Alfred) Sehocourt
ENGINEERING (3)
Birmingham Pallet Mitchell Somers
Linread
FOODS (1)
Watson (Philip)
INDUSTRIALS (5)
Benson Clark
Brook St. Bureau
Hawkins & Tipson
Howden (A.)
INSURANCE (1)
MOTORS (1)
Volvo
PAPER (1)
East Lancs. Paper
SHIPPING (1)
Gotaas-Larsen
TEXTILES (1)
Ingram (H.)
OIL & GAS (1)
Sun (UK) Royalty

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	66	—	26
Corpns., Dom. and Foreign Bonds	7	8	53
Industrials	395	178	836
Financial and Prop.	246	21	228
Oils	17	7	22
Plantations	3	6	17
Mines	95	5	28
Others	85	26	58
Totals	914	307	1,284

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Aug. 21, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Aug. 20 Index No.	Tues., Aug. 19 Index No.	Mon., Aug. 18 Index No.	Fri., Aug. 15 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	287.27	+1.4	15.87	5.74	7.60	283.40	281.48	281.44	279.85	242.03
2	Building Materials (28)	263.05	+1.4	17.62	6.37	6.69	259.35	257.08	255.87	254.14	225.35
3	Contracting, Construction (27)	422.65	+0.7	21.96	5.76	5.41	419.54	416.52	413.65	411.24	369.08
4	Electricals (17)	854.60	+1.5	11.27	3.11	10.86	842.32	832.16	833.27	826.64	613.21
5	Engineering Contractors (11)	337.80	+1.4	20.38	7.71	6.16	332.98	331.95	327.29	326.46	350.48
6	Mechanical Engineering (72)	184.23	+1.6	16.44	7.27	7.44	181.32	180.96	182.31	181.65	171.94
8	Metals and Metal Forming (16)	166.06	+0.9	21.83	10.22	5.47	164.65	165.48	164.74	164.69	161.12
11	CONSUMER GOODS (DURABLE) (49)	241.55	+2.1	15.50	5.29	8.86	236.57	234.72	233.95	232.51	234.87
12	Lt. Electronics, Radio, TV (14)	368.86	+2.6	13.09	3.82	11.68	359.43	354.82	352.63	349.49	333.59
13	Household Goods (14)	93.09	+0.6	26.03	11.00	4.85	92.31	92.61	93.15	93.43	146.23
14	Motors and Distributors (21)	101.26	+0.6	21.84	9.28	5.27	100.68	101.40	101.88	101.98	112.01
21	CONSUMER GOODS (NON DURABLES) (172)	241.93	+1.5	16.98	6.66	7.11	238.42	236.96	236.12	235.72	234.09
22	Breweries (14)	296.17	+0.8	15.35	6.22	7.60	293.70	290.45	289.24	288.75	283.31
23	Wines and Spirits (5)	315.39	+0.8	19.39	6.46	6.10	313.02	312.04	311.98	312.07	309.16
24	Entertainment, Catering (17)	342.87	+0.6	16.90	6.53	7.28	340.76	338.70	334.15	335.25	298.46
25	Food Manufacturers (21)	220.35	+1.8	18.42	6.81	6.38	216.44	215.69	216.74	215.27	205.15
26	Food Retailing (13)	363.37	+2.2	11.62	4.38	10.28	355.55	354.17	355.28	353.79	307.45
32	Newspapers, Publishing (13)	441.53	+1.2	21.29	7.03	6.19	436.35	437.10	434.52	435.41	413.87
33	Packaging and Paper (15)	132.19	+1.8	26.97	9.90	4.31	129.82	130.05	129.98	130.22	126.63
34	Stores (45)	241.80	+1.9	12.84	5.19	10.15	237.38	235.33	233.05	232.86	238.26
35	Textiles (21)	123.78	−0.4	26.22	12.49	4.64	124.26	123.46	122.92	122.20	155.59
36	Tobaccos (3)	231.11	+1.5	24.83	10.07	4.58	227.65	226.67	227.65	227.65	239.54
37	Toys and Games (5)	26.77	+1.3	8.40	14.24	27.52	26.41	26.41	26.41	26.86	77.07
41	OTHER GROUPS (99)	228.65	+0.5	16.15	6.78	7.35	227.44	227.27	226.47	225.48	202.53
42	Chemicals (16)	315.45	−0.4	19.67	7.64	5.83	316.73	316.03	316.41	314.16	283.27
43	Pharmaceutical Products (7)	239.47	+1.3	10.57	5.78	11.70	236.43	233.24	232.29	230.07	228.75
44	Office Equipment (6)	107.15	−0.2	18.90	7.74	6.17	107.40	107.42	106.56	107.71	117.41
45	Shipping (10)	615.04	+1.1	12.48	5.78	9.77	608.27	610.45	597.36	596.65	442.25
46	Miscellaneous (60)	283.45	+1.1	15.98	6.53	7.65	280.46	282.19	281.28	280.64	239.31
49	INDUSTRIAL GROUP (491)	257.83	+1.3	16.39	6.34	7.40	254.59	253.27	252.61	251.67	235.68
51	Oils (9)	805.49	+0.6	27.55	6.42	4.01	801.08	793.89	797.42	799.53	608.93
59	500 SHARE INDEX	301.27	+1.1	18.70	6.35	6.29	297.93	296.15	295.82	295.11	266.17
61	FINANCIAL GROUP (118)	239.29	+0.5	—	5.38	—	238.08	235.80	234.38	231.74	187.92
62	Banks (6)	239.76	+0.9	42.12	7.01	2.82	237.51	237.80	235.42	232.03	213.93
63	Discount Houses (10)	284.23	−0.1	—	6.24	—	284.49	284.49	283.86	283.26	261.55
64	Hire Purchase (5)	221.13	+0.8	14.01	4.53	9.30	219.38	218.10	219.73	216.54	170.48
65	Insurance (Life) (10)	248.48	+0.3	—	5.13	—	247.63	239.86	237.81	236.52	151.57
66	Insurance (Composite) (9)	165.11	−0.3	—	6.71	—	165.55	162.22	162.38	157.68	124.59
67	Insurance Brokers (9)	342.63	−0.1	13.56	6.73	10.13	343.05	336.00	333.56	336.37	270.40
68	Merchant Banks (12)	141.98	+2.8	—	5.01	—	138.07	137.86	135.55	135.08	99.05
69	Property (45)	445.47	+0.7	3.19	2.64	43.58	442.41	442.56	440.21	438.84	359.02
70	Miscellaneous (12)	145.67	+0.6	14.16	6.06	8.98	144.74	143.93	142.45	141.68	117.94
71	Investment Trusts (109)	267.51	+1.7	—	5.38	—	263.08	263.37	262.69	261.70	212.80
81	Mining Finance (3)	249.65	+0.5	12.03	4.20	16.01	248.41	245.29	243.73	243.98	123.24
91	Overseas Traders (20)	434.87	+0.9	11.57	6.79	16.42	431.02	430.82	427.98	427.65	336.43
99	ALL-SHARE INDEX (750)	289.14	+1.0	—	6.07	—	286.21	284.43	283.75	282.62	244.29

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Aug. 21	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	104.87	+0.08	—	7.42
2	5-15 years	110.37	+0.18	—	8.64
3	Over 15 years	115.68	+0.18	—	9.03
4	Irredeemables	128.97	+0.09	—	7.24
5	All stocks	110.01	+0.15	—	8.22

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Thurs., Aug. 21	Wed., Aug. 20	Year ago (approx.)
1	Low Coupons	5 years	11.94	12.10	9.95
2		15 years	11.94	12.10	10.47
3		25 years	11.94	12.10	10.98
4	Medium Coupons	5 years	13.42	13.44	11.89
5		15 years	13.37	13.40	11.98
6		25 years	13.33	13.35	0.00
7	High Coupons	5 years	13.58	13.61	12.26
8		15 years	13.76	13.78	12.46
9		25 years	13.58	13.59	12.37
10	Irredeemables		11.53	11.54	10.75

		Thurs., Aug. 21 Index No.	Yield %	Wed. Aug. 20	Tues. Aug. 19	Mon. Aug. 18	Friday Aug. 15	Thurs. Aug. 14	Wed. Aug. 13	Tues. Aug. 12	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	53.58	†13.83	54.29	54.32	54.35	54.26	54.26	54.37	34.37	58.64
16	Investment Trust Prefs. (15)	51.06	13.18	51.12	51.12	51.12	51.12	50.52	50.52	50.76	50.89
17	Coml. and Indl. Prefs. (20)	67.13	13.34	67.23	67.23	67.23	67.23	67.23	66.67	66.98	71.18

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY; price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
LASMO	25p	19	880	−20	930	337
GEC	25p	10	506	+10	508	326
Marks & Spencer	25p	10	105	+ 2	*105*	77
ICI	£1	8	362	− 6	402	348
Racal Elec.	25p	8	291	+ 8	291	175
Thorn EMI	25p	8	364	+10	368	260
Barclays Bank	£1	7	425	+ 5	430	327
Commercial Un.	25p	7	168	− 1	171	125
Distillers	50p	7	215	+ 2	222	184
Royal Insurance	25p	7	420	− 5	425	307
T'phone Rentals	25p	7	269	+ 7	280	176
Unitech	10p	7	347	+21	347	195
Assoc. Dairies	25p	6	208	+ 6	208	160
BAT Inds.	25p	6	285	+ 5	290	223
BSR	10p	6	20	—	42	18

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Aug. 18	Sept. 5	Nov. 20	Dec. 1
Sept. 8	Sept. 19	Dec. 4	Dec. 15
Sept. 22	Oct. 3	Dec. 18	Dec. 29

For rate indications see end of Share Information Service

Stocks favoured for the call included Lonrho, Coral Leisure, P & O Deferred, Sun Oil, Charterhouse Petroleum, Cons. Plants. Warrants, Higgs and Hill, Baker Electronics, Dunlop, Gough Cooper, Poseidon, Marchwiel, Chubb, Ultramar and Tebbitt. Puts were made in Racal and BSG, while doubles were completed in Lonrho, Charterhouse Petroleum, Shell and BSG.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p:	+ or —	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
‡‡	F.P.	—	352	346	AP Restricted Trans.	352	+2	17.5	4.7	7.1	3.3
§60	F.P.	—	112	91	††Baker Electrnics 10p	110	+1	b3.85	2.0	3.0	11.6
68	F.P.	—	85	72	Charterh'se Petrol'm	85	−5	b1.09	4.0	1.9	19.3
‡32½	F.P.	—	100	80	Energy Capital (12½p)	88	......	—	—	—	—
‡‡	F.P.	—	260	215	††Hall Bros.	260	......	—	—	—	—
55	F.P.	—	96	74	Home Farm Prods 10p	93	−1	b2.9	2.6	4.3	12.6
160	F.P.	—	153	135	††Merinox 10p	138	−2	—	—	—	—
§51	F.P.	—	78	67	††Rolfe & Holand 10p	72	......	t1.0	3.3	8.0	20.3
§61	F.P.	—	70	56	†Shackleton Petrol.	64	+2½	—	—	—	—
§57	F.P.	—	85	73	††Utd. Electronic 20p	77	+2	b1.57	2.2	2.9	22.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or —
‖	F.P.	23/7	150	109½	British Home Stores 8% Cnv. Ln. '92	112	......
98	£20	18/8	18¾	16	Denmark 13% 2005	16¼	......
‡	£10	—	9	9	Newcastle & Gateshead Water 8¾% Rd Pf.	9	......
‡	F.P.	28/11	108	100	Outwich 10% Pref.	100½	......
‡	F.P.	8/8	105½	101½	South Staff. Water 9¾% Rd. Pf. '85	104	......
‡	F.P.	29/8	104	103	Sunderl'd & S.Shields Wtr 8¾% Rd.Prf.1985	105¾	......

"RIGHTS" OFFERS

Issue Price p:	Am'unt Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980 High	1980 Low	Stock	Closing price p:	+ or —
65	F.P.	5/8	1/9	107	88	Anderson Strathclyde	107	......
132	F.P.	23/7	8/9	178	146	Berisford (S. & W.)	178	+2
34	F.P.	1/8	26/8	56	48	Clive Discount	50	......
98	F.P.	30/7	12/9	158	123	Coalite	156	......
50	Nil	25/7	22/8	95pm	85pm	Crest Nicholson	95pm	......
13	F.P.	22/8	19/8	36pm	24½pm	Dorritron	30pm	−2
100	F.P.	15/8	12/8	420	127	Ferranti	420	+18
80	F.P.	13/6	12/9	110½	89½	Lonrho	96	+1
120	F.P.	15/8	26/8	150	144	McKay Secs.	143	......
52	F.P.	28/7	26/8	81	65	Mallinson-Denny	68½	−½
220	Nil	—	—	80pm	66pm	Mercantile House	75pm	−1
14	Nil	—	—	3½pm	2pm	Moorgate Mercantile	8½pm	+½
75	F.P.	20/8	10/8	110	93	Polly Peck	94	+1
10	Nil	15/8	5/9	3½pm	1pm	Sturla	1pm	......
18½	F.P.	31/7	26/8	15½	11½	Thurgar Bardex	18½	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. 1 Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ London Listing. † Dealings under special rule.

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[illegible]

King & Shaxson Mngrs.
[illegible]

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20, Fenchurch St., EC3.
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Negit S.A.
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[illegible]

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Pacific Basin Fund
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هكذا من الأصل

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Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia/Schlesinger

Schlesinger Trust Mngrs. Ltd.

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Trust. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd.

Cary, Selwg Unit Trust Managers

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.

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Continued on previous page

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Five to Fifteen Years

Over Fifteen Years

Undated

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COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price £	+ or –	Int.	Red.
91	82¼	Aust. 5½pc '81-82	89½	+¼	6.29	14.52
85¾	72½	Do. 6pc 1981-83	83¾	+¼	7.28	12.69
67	58	N.Z. 7¼pc 1988-92	65	+⅛	11.32	13.37
81½	72	Do. 7½pc '83-86	79¾	......	9.53	12.75
96¼	88	Sth. Africa 9½pc '79-81	96	–¼	10.20	15.88
160	95	S. Rhod. 2½pc Non-Ass.	97	......	—	30.33
169	133	Do. 6pc '78-81 N.-As.	142	+2	—	29.93

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Public Board and Ind.

Financial

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INDUSTRIALS—Continued

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
95	56	Hanimex Cp. 25c	60	......	t08c	2.6	6.0	3.3
178	120	Hanson Trust	167	+1	t7.33	2.0	6.3	9.3
£94	£70	Do. 6½pc Cnv 88-93	£94	......	Q6½%	142.1	17.1	—
54	45	Hargreaves 20p	51	......	3.95	2.2	11.1	(4.9)
82	60	Harris (Ph.) 20p	82	......	5.5	1.6	9.6	(7.6)
46½	31	Harris & Sheldon	40	......	3.0	2.5	10.7	5.5
34	24	Hawkins & Tipson	24	−1	‡1.0	3.2	#	7.3
16¼	9½	Hawtin 5p	10	+¼	0.25	8.6	3.6	3.4
60	46	Hay (Norman) 10p	57	−2	3.35	1.9	8.4	8.8
274	117	Hay's Wharf £1	247	......	♦F7.21	3.1	4.2	(9.7)
106	57	Headlam 'A' 10p	101	......	♦2.5	3.5	3.5	11.6
112	86½	Hepworth Cramic	104½	+1	5.0	3.3	6.8	5.1
36	22	Hestair	27	+1	1.0	1.8	5.3	(11.9)
50	42	Hewitt (J.)	42	......	1.5	7.4	5.1	3.0
43	24	Highgate & Job 10p	30	......	—	—	—	—
65	45	Hill (Chas.) £1	48	−2	—	—	—	—
33	17	Hirst Mal'son 20p	10	......	‡2.6	[illegible]	#	(3.5)
90	75	Holden (A.)	90	......	5.0	[illegible]	7.9	4.4
51	27	Hollis Bros	27	......	1.4	[illegible]	7.4	(12.2)
88	71	Holt Lloyd Int. 10p	80	+2	h3.17	[illegible]	5.7	8.2
102	120	Hoover 'A'	140xd	......	‡12.0	0.5	#	(13.6)
112	90	Hoskins & H 20p	90	......	8.0	[illegible]	12.7	6.5
80	54	Howard Tenens	66	......	2.28	[illegible]	5.1	ϕ
377	230	Hunting Assoc.	315	+5	5.0	[illegible]	2.3	8.1
130	66	Huntleigh 10p	127	......	1.19	[illegible]	2.3	30.3
106½	55½	Hutch Whamp $HK1	104½	+½	M028c	[illegible]	2.5	15.1
25½	17	Hyman (I. & J.) 5p	18½	......	1.25	[illegible]	9.7	4.1
£13½	845	I.C. Industries $1	£13⅝	−⅛	Q$2.00	—	6.7	—
182	111	ICI	176	+4	†t2.97	[illegible]	2.4	6.0
32	24	Ingall Inds. 10p	25½	......	t2.27	[illegible]	12.7	7.4
193	107	Initial Services	184xd	−3	7.3	[illegible]	5.8	9.1
18	10	Inter-City 20p	11	−½	0.6	[illegible]	7.8	(8.4)
57	39½	J. B. Holdings 10p	44	......	3.8	[illegible]	9.7	6.9
150	103	Jacksons Bourne	188xd	+3	♦5.0	ϕ	6.6	ϕ
11½	4½	James (M.) Ind. 20p	11	......	0.75	[illegible]	9.7	3.1
195	108	Jardine M. $HK5	175	+1	MQ82c	[illegible]	4.4	12.1
29	18	Jentique	18½	......	2.48	[illegible]	9.2	3.4

[illegible]

INSURANCE—Continued

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
38	29	Edin. Gen. Ins. 10p	32	......	—	—	[illegible]	[illegible]
£128	£105	Emh UK 9%Cnv	£121	......	Q9%	—	[illegible]	[illegible]
328	178	Equity & Law 5p	328	+0	11.0	—	[illegible]	[illegible]
232	212	Gen. Accident	330	......	t12.0	—	[illegible]	[illegible]
330	220	C.R.E.	326	−2	13.5	—	[illegible]	[illegible]
285	112	Hambro Life 5p	285	+1	7.2	—	[illegible]	[illegible]
223	185	Heath (C.E.) 20p	210	+3	§9.66	2.2	[illegible]	[illegible]
123	83	Hogg Robinson	122xd	+1	5.7	♦	[illegible]	[illegible]
114	94	Howden (A.) 10p	105	......	7.0	1.7	[illegible]	[illegible]
£47	£38	Do Warrants	£38	−1	—	—	[illegible]	[illegible]
227	161	Legal & General	227	+3	7.6	—	[illegible]	[illegible]
214	142	Lon. & Man. 5p	214	+4	8.75	—	[illegible]	[illegible]
165	122	London United 20p	165	+5	9.0	2.3	[illegible]	[illegible]
£28¾	£25	Marsh McLen'n $1	£28¼	+⅛	Q$3.60	1.8	[illegible]	[illegible]
111	94	Minet Hldgs. 20p	104	......	4.47	2.0	[illegible]	[illegible]
32	20	Moran (Chris) 20p	25	......	4.0	♦	[illegible]	[illegible]
426	268	Pearl 5p	426	+4	17.0	—	[illegible]	[illegible]
290	208	Phoenix	290	+2	13.3	—	[illegible]	[illegible]
196	136	Provident	196	+6	10.2	—	[illegible]	[illegible]
248	162	Prudential	247	−1	9.3	—	[illegible]	[illegible]
210	140	Refuge 5p	210	......	10.6	—	[illegible]	[illegible]
425	307	Royal	420	−5	t21.5	—	[illegible]	[illegible]
129	88	Sedgwick 10p	128	−1	5.0	2.3	[illegible]	[illegible]
97	67	Stenhouse	89	−1	4.52	2.3	[illegible]	[illegible]
237	[illegible]	Stewart Wr. 20p	220	+2	12.0	2.0	[illegible]	[illegible]
754	[illegible]	Sun Alliance £1	754	+3	28.0	—	[illegible]	[illegible]
223	[illegible]	Sun Life 5p	219	......	H7.3	—	[illegible]	[illegible]
555	[illegible]	Taisho Mar. EDR	541	−4	q010%	—	[illegible]	[illegible]
213	[illegible]	Trade Indemnity	200	−2	5.6	—	[illegible]	[illegible]
£19⅝	£15¼	Travelers $2.50	£17⅛	......	Q$2.48	—	[illegible]	[illegible]
273	[illegible]	Willis Faber	250	......	11.0	1.8	[illegible]	[illegible]

LEISURE

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
85	60	Anglia TV 'A'	82	......	t3.57	[illegible]	[illegible]	[illegible]
113	81	Assoc. Leisure 5p	111xd	−1	5.1	[illegible]	[illegible]	[illegible]

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	125	......	—	—	—
97	52	Barymin	65	−1	—	—	—
17	12	Burma Mines 10p	13½	......	0.62	1.1	6.4
172	53	Colby Res. Corp.	170	......	—	—	—
502	285	Cons. Murch. 10c.	320	+10	MQ100c	1.8	18.5
180	95	††Hemerdon 10c.	95	......	—	—	—
585	325	Northgate C$1	390	+15	—	—	—
485	327	R.T.Z.	425	......	15.0	3.2	4.5
33	16	Robert Mines	25	+1	—	—	—
112	95	††SPO Minerals 10p	95	......	—	—	—
58	26	Sabina Inds. C$1	30½	+2	—	—	—
51	37	††SWCM 10p	37	......	—	—	—
650	[illegible]	Tara Exptn. $1	460	−10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- 9 Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ϕ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ll No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	33	......
Bertam	15	......
Bdg'wtr. Est. 50p	450	......
Clover Croft	60	......
Craig & Rose £1	£11	......
Fife Forge	32½	......
Finlay Pkg. 5p	19	......
Graig Ship. £1	£13½	......

[illegible]

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£92¼	+½
Nat. 9¾% 84/89	£80½	+⅛
Fin. 13% 97/02	£95⅝	+⅛
Alliance Gas	45	—
Arnott	280	......
Carroll (P.J.)	65	......
Clondalkin	120	......

[illegible]

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	8	Inveresk	4		
Barclays Bank	34	Ladbroke	15	**Property**	
Beecham	10	Legal & Gen.	15	Brit. Land	7
Blue Circle	25	Lex Service	2	Cap. Counties	9
Boots	16	Lloyds Bank	26	Land Secs.	24
Bowaters	15	"Lofs"	3½	MEPC	17
B.A.T.	20	London Brick	6	Peachey	13
Brown (J.)	6	Lucas Inds.	17	Samuel Props.	12
Burton 'A'	10	"Mams"	14	Town & City	2
Cadburys	5½	Mks. & Spncr	8		
Courtaulds	8	Midland Bank	26	**Oils**	
Debenhams	8	N.E.I.	5	Brit. Petroleum	32
Distillers	17	Nat. West. Bank	27	Burmah Oil	20
Dunlop	7½	P & O Dfd.	10	Charterhall	10
Eagle Star	15	Plessey	14	KCA	11
F.N.F.C.	2¼	Racal Elect.	32	Premier	13
Gen. Accident	21	R.H.M.	4½	Shell	35
Gen. Electric	30	Rank Org.	15	Tricentrol	40
Glaxo	18	Reed Intnl.	16	Ultramar	35
Grand Met.	12	Sears	5		
G.U.S. 'A'	34	Tesco	6	**Mines**	
Guardian	23	Thorn	23	Charter Cons.	14
G.K.N.	20	Trust Houses	12	Cons. Gold	40
Hawker Sidd	15	Tube Invest.	25	Lonrho	8
House of Fraser	15	Unilever	40	Rio T. Zinc	35
		U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 23

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Friday August 22 1980

GEC AND VICKERS WILL PRESS FOR CHANGE IN ACT

BAC compensation of £95m agreed

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

GEC and Vickers, the original shareholders in the now nationalised British Aircraft Corporation (Holdings), have accepted compensation totalling £95m for their quoted securities in that organisation. But they are expected to press for more, either through the UK Government or the European Court of Justice.

The compensation, of which £40m has already been paid on account, was announced jointly yesterday by the Department of Industry and Mr. P. J. Grant of Lazard Brothers, the shareholders' representative.

The companies remain dissatisfied with the compensation because it is based on average share values in the six months up to February 28, 1974, whereas actual vesting day was April 1, 1977. On that day, BAC (Holdings) became part of British Aerospace.

In the intervening time, the profits of British Aircraft Corporation had multiplied several times and, the companies claim, the value of BAC on vesting day was closer to £250m than the £95m now being paid.

Despite vigorous protests by GEC and Vickers over the past few years, they have not been able to persuade either Labour or Conservative Governments to change the aircraft and shipbuilding nationalisation Act.

Earlier this month, Sir Keith Joseph, Industry Secretary, told the Commons that the Government had come "to the most reluctant conclusion that there is no satisfactory way to alter the 1977 compensation terms."

He said that while the Government had explored every possibility of righting the injustice done to shareholders by the previous Government, "to our very great regret we have concluded that amending legislation to establish new compensation terms retrospectively would be unjust to the many people who sold shares on the basis of the previous terms."

Sir Peter Matthews, chairman of Vickers, said yesterday: "We have accepted the settlement announced because we have been advised that this is the best we can achieve within the terms of the existing Act.

"We believe that there is a growing awareness in the minds of our stockholders, the public and Parliament that the Act itself is unfair and this is reflected in the press.

"A reasonable valuation of the business at the time of vesting would have been of the order of twice the sum announced today.

"Our acceptance of this settlement has been made without prejudice to our right to continue to seek to persuade the Government to amend the Act and to any additional sums that may thereby become payable."

A statement from GEC, whose wholly-owned subsidiary, English Electric, was the shareholder in BAC (Holdings), said it was accepting the compensation only for want of a better alternative. But GEC intended to seek the fair compensation to which it was entitled in accordance with international standards and obtain redress to "right the injustice" done by the original nationalisation Act.

"It is a plain fact that the basis of compensation for GEC's shareholding in BA is not in accordance with the international standards to which the Government professes to subscribe."

Last year the Government made its final offer for Vickers' nationalised warship building interests but the company was unable to accept the terms. The matter has been referred to arbitration.

Unions seek end to Labour row

BY CHRISTIAN TYLER, LABOUR EDITOR

TRADE UNIONS affiliated to the Labour Party may use their financial muscle to try and halt internal party wrangling on constitutional reforms.

They want the party to reinstate the rule that constitutional amendments cannot be debated more than once every three years, in the hope of getting a conclusion to the row at this October's annual party conference in Blackpool.

Since trade unions are considering whether to withhold the full increase in their party subscription recommended by the recent Labour Party commission of inquiry, putting pressure on the national executive committee to reverse its position on the three-year rule.

The unions will almost certainly demand greater influence over the management of party finances—to which they are the greatest contributors—as a condition of paying the full increase.

This was the overwhelming view at a meeting of the major affiliates in London. It was also suggested that some of the increase should be paid at local level to boost the party's shaky network rather than go automatically to the central treasury.

It was agreed to raise the trade union subscription rate from its present 32p per head per year to 40p next year. But payment of the further increase, to 50p in 1982, is liable to be hedged round with conditions.

A definitive statement of the unions' demands may emerge just before the Blackpool conference when their committee, Trade Unionists for a Labour Victory, is due to meet again.

The general mood of this week's discussions was that, as principal paymaster, the unions should have more control, especially when such a leap in subscriptions was being proposed. They are tired of the constant re-opening of the main constitutional issues—control of the manifesto, election of the leader, and re-selection of MPs.

It remains to be seen how the national executive, dominated by the left, responds to the challenge. Relations between the NEC and trade union leaders are not always good. Union leaders tend to accuse NEC members of self-centred power-mongering, while the politicians resent what they see as trade union interference in party affairs.

Licensed dealers sue Stock Exchange

BY CHRISTINE MOIR

HARVARD SECURITIES, a firm of licensed dealers whose share dealings are individually monitored by the Stock Exchange, has issued a writ against the Stock Exchange council claiming damages of up to £2m.

Harvard is one of 300 firms which, though neither stockbrokers nor jobbers, are licensed by the Department of Trade to deal in securities.

At issue is the Stock Exchange Council's refusal to enter Harvard on a special list of professional dealers which receive large discounts on normal dealing rates. Harvard claims that having to pay full dealing rates is costing it £160,000 a year in lost revenue.

The writ alleges that this damage to its business is due to "the unreasonable and/or unlawful and/or capricious refusal of the Council to grant an exemption to Rule 211" (which requires members to charge full rates to all but individuals on the list).

The row between Harvard and the Stock Exchange goes much further than the single issue of entry on the VIP register.

Mr. Tom Wilmot, Harvard's managing director and its largest shareholder with 45 per cent of the equity, claims that it dates back to 1975 when Harvard tried to trade in shares of Burmah Oil when they were suspended on the market.

Since then, Mr. Wilmot has said, there has been "continuing persecution."

Last year, as part of a wider study into irregular "put through" deals—where buyers and vendors are matched in advance—the Stock Exchange issued a statement which cleared Harvard of creating a false market in shares but announced that all its share dealings were to be monitored.

Yesterday's writ from Harvard claims "damages for libel contained in" the Stock Exchange's statement at the time and repeated in newspapers which printed articles.

Harvard is also claiming general damages against the council which, the writ claims, has been engaged in an "unlawful conspiracy to injure the plaintiffs in their trade."

"The sort of problem we have had to face," Mr. Wilmot said, "is being unable to get references from stockbrokers for our dealers." The Department of Trade normally requires such a reference before it issues a dealer's licence and until recently this had been easily obtained. Mr. Wilmot alleged that the council had recently let it be known that members of the Stock Exchange should not give references to dealers wanting to work for Harvard.

Mr. Wilmot estimates the tangible costs to Harvard's business at about £230,000 a year and believes the intangible losses suffered could be of the same order. With the case not expected to come to court for three to four years he will therefore be asking for damages of as much as £2m.

He denied an accusation that the action was not intended to develop as far as a court hearing but admitted that, if the Stock Exchange entered the firm on the special list, he would probably drop his action.

Bundesbank relaxes monetary policy

By Kevin Done in Frankfurt

THE BUNDESBANK, West Germany's central bank, is to make more than DM 5.5bn (£1.3m) of extra liquidity permanently available to the Federal Republic's banking system in a further cautious relaxation of its tight monetary policy.

It has, however, resisted pressure—chiefly from the trade union movement—for more far-reaching action to stimulate the flagging economy.

Yesterday's central bank council meeting, the first since the summer break, decided against lowering the key discount and Lombard interest rates. These are at a post-war record.

The Bundesbank said it intended instead to cut the banks' minimum reserve ratios by 10 per cent across the board on September 1, to create at least DM 5.5bn long-term extra liquidity.

This step establishes more permanently the careful opening made by the Bundesbank at the end of July, when it made DM 5.4bn of temporary liquidity available to the banking system.

That action, in which extra securities could be parked by commercial banks with the central bank at an interest rate of 9.2 per cent, just below the 9.5 per cent Lombard rate with the discount rate at 7.5 per cent) ends next Tuesday. From the start of September banks can enjoy this extra room for manoeuvre permanently, through lowering of minimum reserve ratios.

The Bundesbank is confident banks can bridge the period between the two actions, as they have not taken full advantage of the present minimum reserve levels. The last move to lower the banks' minimum reserve ratios was at the end of April, when an 8 per cent cut was implemented.

The argument over the timing of a cut in interest rates will sharpen over the next few weeks. The West German General Election is due at the start of October.

The Bundesbank recognises that economic activity is beginning to slow significantly, but it faces a dilemma over interest-rate levels because of the continuing necessity of financing this year's expected record deficit of DM 25bn on the current account of the balance of payments through capital imports.

After facing a rapid flight of capital from West Germany in the early months of the year, when currency reserves fell by more than DM 20bn, the Bundesbank has gone to great lengths to ensure that the D-mark keeps its position as a hard currency.

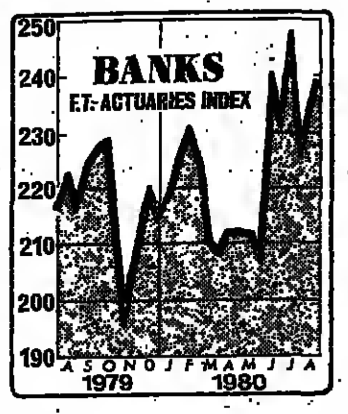
As part of this strategy it has held steadfastly to the current record interest rates while ensuring that monetary policy left sufficient room for a modest expansion of the economy.

A move to lower key interest rates is still likely in the next few weeks, but the Bundesbank chose to concentrate attention for the moment, on influencing money market rates. These have fallen considerably since July.

THE LEX COLUMN

Shell rides out the oil glut

Index rose 6.2 to 479.5



Through seas littered with slow-steaming supertankers, Shell continues its majestic progress. Second-quarter net income, £660m against £710m as reported, comes out at £440m against £373m after stock and currency items, and for the first half there is a 15 per cent underlying increase to £908m.

This is a fine performance at a time when demand is falling steeply — by 5 per cent overall in the first half for the non-Communist world, Shell reckons. Essentially, the group is still thriving upstream, where prices are much higher than a year ago, and its North American domestic businesses are very strong. Higher gas prices have made up for a volume fall, and in the difficult markets for refined products Shell has managed to pass on its costs. By shedding unprofitable market share (its volume product sales were 7 per cent down in the second quarter) it has greatly reduced the need for spot market purchases.

The only really weak point is chemicals, where the group must now be making losses outside North America—unfortunately, Shell does not feel that it need disclose interim earnings figures for a business with a mere £3½bn of annual sales. One problem in the chemical market has been customer destocking, which may spread to oil products now that the level of world oil stocks—an unprecedented 5bn barrels—and the continuing surplus of supply over demand are reducing fears of shortage.

Against this, however, the group will benefit from the steady raising of gas prices in Europe and Japan, and it may turn in an underlying £1.8bn (against £1.6bn) for the year. There is plenty more to come next year from further gas price rises, the North Sea and the U.S., and Shell has exceptional defensive strengths at a time of weakness in the oil markets. At 422p the shares trade at about 6½ times underlying earnings and yield a prospective 7 per cent.

Barclays Bank

Barclays' pre-tax profits of £279.1m at the halfway stage follow the pattern set by NatWest and Lloyds, with a gain of 13½ per cent over the same period in 1979, but a slight decline from the peak of the previous six months. As in the case of Midland and Natwest there has been a sharp rise in bad debt provisions—from £26.6m to £64.4m—as the bank suddenly discovers a host of dubious accounts. Certainly overdrafts have risen over the half year, from about 55 per cent of limits to 62 per cent. And although the bank says it will do all it can for its customers in these difficult times, so far in 1980 it has turned to the Receiver just as much as everybody else.

The changeover from current to deposit accounts may have cost Barclay's about £20m, but the switch seems to have been smaller than that experienced by the other clearers. Meanwhile, the international arm has continued to expand, helped by a 15 per cent gain in South Africa compared with the second half of 1979, an increase in the Eurodollar book and strong foreign exchange business as UK residents have taken advantage of the abolition of exchange controls.

With costs likely to be about 25 per cent higher this year compared with 1979, pre-tax profits may emerge in the region of £550m, against £529.4m. The share price rose 5p yesterday to 425p, producing a prospective p/e of about 5½, fully-taxed, and a yield of maybe 6½ per cent. This makes it the most highly rated of the clearers, presumably because of the market's belief in the insulation against a fall in interest rates provided by Mercantile, Barclaycard and the international operation.

GUS/Myers

John Myers is one of the less happy relics of UDS's bidding rampage in the early 1970s. It cost £10½m in 1971 money, and is not profitable. Now GUS is to acquire its mail order agents and debts, which could be around £15m, plus certain of its trading names. The purchase price will be decided in January, and could involve UDS in modest book losses. In return, it will be releasing a slab of unproductive capital tied up in a business which—with perhaps 3 per cent of the mail order market—seems to be too small to be viable as an independent. GUS has a very strong position in the industry, but—rather curiously—it seems that because GUS is not actually buying the company, the deal does not hold any interest for the Office of Fair Trading.

Distillers

According to its annual report, Distillers believes that there will be "no more than a modest improvement" in this year's results—and even that sounds quite hopeful. Home sales and exports have dropped sharply in the first quarter, and the profits outcome depends very much on some measure of recovery appearing in the autumn. Meanwhile the balance sheet remains very strong, and although stocks rose twice as fast as sales last year there was little call for external finance. The shares yield just over 7 per cent, and the dividend is 1.6 times covered by current cost earnings.

PSBR

Even on seasonally adjusted figures, the UK public sector borrowing requirement in the first quarter of 1980-81, at £4.47bn, was more than half the budgeted figure for the year as a whole. Needless to say there are plenty of excuses, mostly involving semi-seasonal timing factors—which casts some doubt on the usefulness of the present seasonal adjustment — but the £8.5bn plan for the year now looks a forlorn hope.

The stock market, though, saw fit to ignore the figures. Equities as measured by the All-Share Index, touched a new high, and gilt-edged were quietly firm. Some gilt-edged fund managers might be expected to react jumpily to news that the PSBR is running well ahead of debt sales to the non-bank private sector, but they are presumably still on holiday.

Moreover, figures for stocks and capital expenditure in the second quarter show clearly why bank lending has been holding up at so high a level. Capital spending — even among manufacturing companies—is holding very close to 1979 average levels, while manufacturers seem to have had trouble shifting their stocks in the second quarter.

Weather

UK TODAY

CHANGEABLE, drier in south and east.

London, S., N.E. England, Midlands, S. Wales, Channel Isles
Mostly dry, sunny periods. Max 20C (68F).

N. Wales, Isle of Man, N.W. England, S. Scotland
Scattered showers, sunny intervals. Max 17C (63F).

N. Scotland
Showers, some heavy, bright periods. Max 15C (59F).

OUTLOOK: Mostly dry and sunny, showers in N.E.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	Lisbon	F	29	84
Algiers	F	32	90	Locarno	S	27	81
Amsdm.	F	17	63	London	S	20	68
Athens	F	29	84	Luxmbg.	C	17	63
Bahrain	S	35	97	Luxor	S	38	100
Barcina.	S	27	81	Madrid	S	32	90
Beirut	C	28	82	Majorca	S	31	88
Belfast	C	15	59	Malaga	S	29	84
Belgrd.	S	26	79	Malta	S	29	84
Berlin	R	15	59	Mchstr.	C	15	59
Biarritz	S	24	75	Melbne.	C	15	59
Bmghm.	F	15	61	Milan	S	29	84
Blackp'l	F	15	51	M'ntreal	C	21	70
Bordx.	S	29	84	Moscow	C	17	63
Boulgn.	F	18	84	Munich	S	26	79
Bristol	S	19	66	Nairobi	C	19	66
Brussels	C	18	64	Naples	S	28	82
Budpst.	S	27	81	Nwcstl.	S	16	61
B. Aires	C	20	69	N. York	C	21	70
Cairo	S	31	89	Nice	F	25	77
Cardiff	S	17	63	Nicosia	S	29	84
Csbca.	F	29	84	Oporto	F	28	82
Cape T.	S	21	70	Oslo	F	17	63
Chicago	S	25	77	Paris	C	22	72
Cologne	R	17	63	Perth	R	15	59
Cpnhgn.	R	15	59	Prague	F	24	75
Corfu	S	29	84	Reykjvk.	S	11	52
Dublin	F	16	61	Rhodes	S	28	82
Dbrvnk.	S	26	79	Rio J'o	S	27	80
Ednbgh.	F	15	61	Roma	S	29	84
Faro	S	28	82	Salzb'rg	S	28	82
Florence	S	30	86	Singapr.	C	28	82
Frnkft.	C	23	73	Stckhm.	F	16	61
Funchal	S	24	75	Strasb'g	S	26	79
Geneva	S	29	84	Sydney	S	21	70
Gibrltr.	F	24	75	Tangier	C	28	82
Glasgow	F	15	59	Tehran	S	31	88
G'rnsey	C	18	84	Tel Aviv	S	29	84
Helsinki	C	17	63	Tenerife	S	20	68
H. Kong	S	31	88	Tokyo	C	26	79
Innsbr'k	S	27	81	Toronto	C	23	73
Invrnss.	F	13	55	Tunis	S	32	90
I.o.Man	F	15	59	Valencia	C	31	88
Istanbul	F	25	77	Venice	S	27	81
Jersey	C	17	63	Vienna	S	31	88
Jo'burg	S	17	63	Warsaw	C	21	70
L. Plms.	S	26	79	Zurich	S	25	77

C—Cloudy. F—Fair. R—Rain. S—Sunny

Continued from Page 1

Investment

widespread view that investment is low and sluggish in the UK. A possible explanation is that companies have been increasing investment in labour-saving plant.

Further official figures yesterday show that the price-cutting and sales promotion campaigns of the last few months have brought a substantial fall in stocks of finished goods of wholesalers and retailers, but there has been a much smaller fall in manufacturing stocks.

Retailers' stocks dropped by £237m at constant 1975 prices in the first half of this year, the largest fall on record. But stocks remain historically high relative to sales. The £179m drop in wholesalers' stocks in the first half of 1980 is the highest since 1975.

Manufacturing stocks fell by only £14m between March and June after a drop of £471m in the previous three months.

In total this is slightly larger than the drop in the first half of 1975 in the last recession.

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Reed Paper

£2.9m. Sir Alex Jarratt, the chairman, warned that future UK production of commodity grade papers such as newsprint and case-liners was the subject of "deep and active study."

Reed said last night that it was losing about £50 a tonne on the capacity that it has decided to close. The machines to be closed are the No. 6 Inverform, which makes 80,000 tonnes a year of multi-ply liners, for corrugated cases; No. 8 machine, which makes 6,000 tonnes a year of hard tissues; and No. 9 machine, smallest of the company's three newsprint machines, producing 45,000 tonnes a year.

Writ could worsen Channel chaos

BY OUR SHIPPING CORRESPONDENT

A DISPUTE over an unpaid bill for £12,564 threatens to add to the chaos now prevailing on the cross-channel ferry services. Trinity House, the main UK pilotage authority, has served a writ on the Prince of Brittany, a French ferry, for failing to pay pilotage dues.

The writ expires on Tuesday. If Brittany Ferries, the French owners, do not pay up, the ship could be seized. The French company has warned that, if this occurs, French port workers will refuse to handle UK ferries and all cross-Channel traffic will be halted.

The dispute has arisen because Brittany Ferries, in common with other foreign ferry operators, feels it is being put at a competitive disadvantage compared with UK ferries since its ships have to take on pilots and pay pilotage dues every time they enter and leave a UK port. British ferries do not need pilots.

Under the 1979 Merchant Shipping Act, foreign ferry captains are eligible for pilotage certificates which would free them of the need for a UK pilot.

The certificates would be issued by the pilotage authorities, but their staff are concerned that their jobs could be at risk if too many certificates are issued to foreign captains.

Although the sums of money involved in the writ are small, both Brittany Ferries and Trinity House see a principle at stake. Brittany Ferries claims it is being discriminated against; the pilots argue that the French company is breaking the law by not paying its dues.

French blockade violence fears

A THREAT of violence hung over the French port dispute yesterday after a warning by M. Raymond Barre, the Prime Minister, that he might use the Navy to ensure oil supplies.

Fishermens' representatives and local authorities were meeting at Martigues, near Marseilles, to discuss a possible settlement which would lead to a lifting of the blockade of the key oil terminal at Fos-sur-Mer.

The fishermen's dispute continued to prevent ferry traffic between France and England. Page 2

Times peace talks adjourned

BY NICK GARNETT, LABOUR STAFF

NEGOTIATIONS between journalists and management at The Times aimed at averting a strike from noon today were adjourned last night until this morning.

Yesterday's talks lasted all day at the offices of the Advisory, Conciliation and Arbitration Service.

Representatives of the management and the National Union of Journalists declined to comment when they left ACAS offices.

The dispute is over the management's refusal to grant a 21 per cent pay recommendation made by an independent arbitrator for the paper's 270 journalists.

The management told the journalists earlier this week that it could not afford to improve on its original 18 per cent pay offer.

Members of the NUJ Chapel (office branch) at the Sunday Times were meeting last night to discuss the dispute at The Times.

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